(8)

Supreme Court, U.S.
FILED
JAN 3 2002
CLERK

No. 01-408

IN THE

Supreme Court of the United States

THE HOLMES GROUP, INC.,

Petitioner,

—against—

VORNADO AIR CIRCULATION SYSTEMS, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

JOINT APPENDIX

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PETITION FOR CERTIORARI FILED SEPTEMBER 4, 2001
CERTIORARI GRANTED NOVEMBER 8, 2001

103 PP

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APPENDIX A — RELEVANT DOCKET ENTRIES OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

HOLMES GROUP INC V VORNADO AIR CIR

00-1286

U.S. District Court
District of Kansas
Senior Judge Wesley E. Brown

Lower Court/Agency #: 99-CV-1499
Notice of Appeal and Certified List Received: 04/07/00
Notice of Appeal Filed: 03/27/00
Docketed and Notice Sent to Parties: 04/10/00[AMT]
Certified List Filed: 04/10/00

Fee Paid: 03/27/00
Fee Amount: 105.00
Receipt No: 20836

Plaintiff-Appellee
THE HOLMES GROUP, INC.

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EOA Filed: 06/26/00

Appendix A

1. CERTIFICATE OF INTEREST FOR THE APPELLANT(S), VORNADO AIR CIRCULATION SYSTEMS INC. (HS-04/26/00) FILED: 04/26/00. (EOD 04/27/00 BY FRT) 00-1286

THE HOLMES GROUP, INC. [APPELLANT] — BRIEF FOR DEFENDANT-APPELLANT (MS-05/08/00). FILED: 05/08/00. [001312] (EOD 05/15/00 BY EBG) 00-1286

THE HOLMES GROUP, INC. [APPELLEE] — BRIEF FOR PLAINTIFF-APPELLEE (MS-06/19/00). FILED: 06/19/00. ENTRY OF APPEARANCE NOTICE ISSUED. [001350] (EOD 10/19/00 BY KP_) 00-1286

VORNADO AIR CIRCULATION SYSTEMS, INC. [APPELLANT] — REPLY BRIEF FOR DEFENDANT-APPELLANT (MS-07/06/00). FILED: 07/06/00. [001361] (EOD 07/10/00 BY CDG) 00-1286

VORNADO AIR CIRCULATION SYSTEMS, INC. [APPELLANT] — JOINT APPENDIX (9 VOLUMES) (HS-07/13/00). FILED: 07/13/00. [001372] (EOD 07/20/00 BY SPP) 00-1286

2. RECD APPELLANT'S CITATION OF ADDITIONAL AUTHORITY. (SENT TO PANEL) (HS-10/20/00) RECEIVED: 10/20/00 (EOD 10/20/00) (KSH) 00-1286

3. October 23, 2000 NOTICE OF CALENDARING issued. Panel 0012D on December 5, 2000 00-1286 (KSH)

Appendix A

December 5, 2000 Submitted after ORAL ARGUMENT by Peter W. Gowdey and James W. Dabney. (MAYER, NEWMAN and SCHALL) 00-1286 (KSH)

4. ORDERED: CASE IS STAYED PENDING THE OUTCOME OF TRAFFIX DEVICES, INCORPORATED V MARKETING DISPLAYS, INC.. NO. 99-1571. IN THE SUPREME COURT OF THE UNITED STATES. THE PARTIES ARE DIRECTED TO FILE A JOINT REPORT ON THE STATUS OF THE CASE . . . NO LATER . . . (MS-12/08/00) RECEIVED: 12/08/00 (EOD 12/08/00) (KSH) 00-1286

5. Appellant — MOTION FOR LEAVE TO WITHDRAW AS COUNSEL AND NOTIFICATION OF CHANGE OF AFFILIATION OF COUNSEL. (MS-03/23/01) FILED: 03/26/01. ACTION ON MOTION (6): GRANTED. BY MERITS PANEL. FILED: 03/28/01. (EOD 03/28/01 BY LP) 00-1286

7. JOINT STATUS REPORT FROM THE PARTIES. (SENT TO PANEL (MS-04/20/01) RECEIVED: 04/20/01 (EOD 04/23/01) (LP) 00-1286

8. ORDER: IT IS ORDERED THAT THE MARCH 27, 2001 JUDGMENT OF THE DIST COURT IS VACATED. THE CASE IS REMANDED TO THE US DCT FOR FURTHER PROCEEDINGS. EACH SIDE SHALL BEAR ITS OWN COSTS. FOR THE COURT. BY: CLERK. (MS-06/05/01) FILED: 06/05/01 (EOD 06/05/01) (LP) 00-1286

Appendix A

ISSUED AS A MANDATE TO THE DISTRICT COURT: JUNE 26, 2001.

A CERTIFIED COPY OF THE MANDATE WAS SERVED ON THE CLERK, U.S. DISTRICT COURT, D/KS: AND ON HON. WESLEY E. BROWN, U.S. DISTRICT COURT, D/KS. 00-1286 (amt, 6/26/01)

PETITION FOR WRIT OF CERTIORARI FILED 09/04/01, SUPREME COURT #: 01-408 (EOD 09/13/01 BY BG) 00-1286

APPENDIX B — RELEVANT DOCKET ENTRIES OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF KANSAS

U.S. District Court
U.S. District Court for the District of Kansas (Wichita)

CIVIL DOCKET FOR CASE #: 99-CV-1499

Holmes Group Inc v. Vornado Air
Filed: 12/08/99
Assigned to: Senior Judge Wesley E. Brown
Jury demand: Plaintiff
Referred to: Magistrate Judge Donald W. Bostwick
Demand: $0,000
Nature of Suit: 840
Lead Docket: None
Jurisdiction: Federal Question
Dkt # in FED CIRC-Vornado : is :00- -01286
Dkt # in Fed Circ-Vornado : is :00- -01177

Cause: 28:1331
Fed. Question: Trademark

HOLMES GROUP, INC., THE
plaintiff

Jay F. Fowler
[COR LD NTC]
Jim H. Goering
[COR LD NTC]
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v.

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v.

HOLMES GROUP, INC., THE
counter-defendant

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12/8/99	1	COMPLAINT; Summons(es) issued; designation of place of trial – Wichita, KS (case referred to Magistrate Judge Donald W. Bostwick) (vlw) [Entry date 12/09/99]
12/8/99	—	FILING FEE PAID on 12/8/99 in the amount of $150.00; Receipt # 20265 (vlw) [Entry date 12/09/99]
12/9/99	2	DESIGNATION OF PLACE OF TRIAL – trial to be held in Wichita, KS by plaintiff (ef) [Entry date 12/10/99]
12/10/99	3	SUMMONS RETURNED executed upon defendant Vornado Air on 12/9/99 (ef) [Entry date 12/13/99]

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12/17/99	4	MOTION to expedite discovery by plaintiff Holmes Group Inc referred to Senior Judge Wesley E. Brown (vlw) [Entry date 12/20/99]
12/17/99	5	MOTION for preliminary injunction by plaintiff Holmes Group Inc referred to Senior Judge Wesley E. Brown (vlw) [Entry date 12/20/99]
12/17/99	6	DECLARATION of Paul J. Powers in support of pltf's motion for preliminary injunction referred to Senior Judge Wesley E. Brown [5-1] (vlw) [Entry date 12/20/99] [Edit date 12/20/99]
12/17/99	7	DECLARATION of Francis E. Marino in support of pltf's motion for preliminary injunction referred to Senior Judge Wesley E. Brown [5-1] (vlw) [Entry date 12/20/99]
12/17/99	8	DECLARATION of James W. Dabney in support of pltf's motion for preliminary injunction referred to Senior Judge Wesley E. Brown [5-1] (vlw) [Entry date 12/20/99] [Edit date 12/20/99]
12/17/99	9	EXHIBIT 1C by James W. Dabney in support of his declaration [8-1] in support of pltf's motion for preliminary injunction referred to Senior Judge Wesley E. Brown [5-1] (filed under separate cover) (vlw) [Entry date 12/20/99] [Edit date 01/31/00]

Appendix B

12/17/99	10	EXHIBIT 1B by James W. Dabney in support of his declaration [8-1] in support of pltf's motion for preliminary injunction referred to Senior Judge Wesley E. Brown [5-1] (filed under separate cover) (vlw) [Entry date 12/20/99]
12/17/99	11	EXHIBIT 1C by James W. Dabney in support of his declaration [8-1] in support of pltf's motion for preliminary injunction referred to Senior Judge Wesley E. Brown [5-1] (filed under separate cover) (vlw) [Entry date 12/20/99]
12/17/99	12	EXHIBIT 1C by James W. Dabney in support of his declaration [8-1] in support of pltf's motion for preliminary injunction referred to Senior Judge Wesley E. Brown [5-1] (filed under separate cover) (vlw) [Entry date 12/20/99]
12/17/99	13	EXHIBIT 1D by James W. Dabney in support of his declaration [8-1] in support of pltf's motion for preliminary injunction referred to Senior Judge Wesley E. Brown [5-1] (filed under separate cover) (vlw) [Entry date 12/20/99]
12/17/99	14	EXHIBIT 1E by James W. Dabney in support of his declaration [8-1] in support of pltf's motion for preliminary injunction referred to Senior Judge Wesley E. Brown [5-1] (filed

Appendix B

under separate cover) (vlw) [Entry date 12/20/99]

12/17/99	15	EXHIBIT 1G (video) by James W. Dabney in support of his declaration [8-1] in support of pltf's motion for preliminary injunction referred to Senior Judge Wesley E. Brown [5-1] (filed under separate cover) (vlw) [Entry date 12/20/99]
12/17/99	16	MEMORANDUM by plaintiff Holmes Group Inc in support of its motion for preliminary injunction referred to Senior Judge Wesley E. Brown [5-1] (vlw) [Entry date 12/20/99]
12/20/99	17	MINUTE ORDER ENTERED by Clerk: Case reassigned from Judge J. Thomas Marten to Senior Judge Wesley E. Brown (cc: all counsel) (vlw) [Entry date 12/21/99]
12/22/99	18	NOTICE OF HEARING before Senior Judge Wesley E. Brown motions hearing set for 2:30 1/3/00 (cc: all counsel) (ef) [Entry date 12/22/99]
12/22/99	19	AFFIDAVIT of Service of Process by Gerald McDow (ef) [Entry date 12/23/99]
12/22/99	20	MOTION to stay proceedings by defendant Vornado Air referred to Judge Brown (jh) [Entry date 12/23/99] [Edit date 12/28/99]

12/22/99	21	MEMORANDUM by defendant in support of motion to stay proceedings by defendant Vornado Air referred to Judge Brown [20-1] (ef) [Entry date 12/27/99] [Edit date 12/28/99]
12/27/99	22	MOTION for attorney Peter W Gowdey to appear pro hac vice by defendant Vornado Air referred to Magistrate Judge Donald W. Bostwick (jh) [Entry date 12/28/99]
12/27/99	23	MOTION for attorney Lynn E Eccleston to appear pro hac vice by defendant Vornado Air referred to Magistrate Judge Donald W. Bostwick w/affidavit attached (cc: Attorney Registration) (jh) [Entry date 12/28/99]
12/27/99	24	MOTION for attorney Lisa A Dunner to appear pro hac vice by defendant Vornado Air referred to Magistrate Judge Donald W. Bostwick w/affidavit attached (cc: Attorney Registration) (jh) [Entry date 12/28/99]
12/27/99	25	MOTION for attorney Jeffrey D. Karceski to appear pro hac vice by defendant Vornado Air referred to Magistrate Judge Donald W. Bostwick w/affidavit attached (cc: Attorney Registration) (jh) [Entry date 12/28/99]
12/27/99	—	PRO HAC VICE FEE PAID re: motions for attorney Jeffrey D. Karceski [25-1], Lisa A Dunner [24-1], Lynn E Eccleston [23-1], and

		Peter W Gowdey [22-1] to appear pro hac vice by defendant Vornado Air referred to Magistrate Judge Donald W. Bostwick on 12/27/99 in the amount of $40.00 (Receipt # 020339) (jh) [Entry date 12/28/99]
12/27/99	26	MOTION for attorney James W. Dabney to appear pro hac vice by plaintiff referred to Magistrate Judge Donald W. Bostwick (ef) [Entry date 12/28/99]
12/28/99	—	PRO HAC VICE FEE PAID re: motion for attorney James W. Dabney to appear pro hac vice by plaintiff referred to Magistrate Judge Donald W. Bostwick [26-1] by attorney James W. Dabney on 12/27/99 in the amount of $ 10.00 (Receipt # 020347) (ef) [Entry date 12/28/99]
12/29/99	27	NOTICE OF SERVICE of motion for preliminary injunction and memorandum brief, motion for expedited discovery, declaration of Paul J. Powers, Jr., Declaration of Francis E. Marino, and Declaration of James W. Dabney upon Michael Coup on 12/18/99 by personal process service on behalf of pltf Holmes Group Inc (vlw) [Entry date 12/29/99]
12/30/99	28	ANSWER to complaint [1-1] and COUNTER-CLAIM by defendant Vornado Air against plaintiff Holmes Group Inc; cntdft Holmes Products Inc (jh) [Entry date 01/03/00]

Appendix B

12/30/99	29	MOTION to intervene referred to Senior Judge Wesley E. Brown by intervenor US Int'l Trade Comm (ef) [Entry date 01/03/00]
12/30/99	30	ENTRY OF APPEARANCE for intervenor US Int'l Trade Comm by attorney Christina L. Medeiros (ef) [Entry date 01/03/00]
12/30/99	31	RESPONSE by intervenor to motion for preliminary injunction by plaintiff Holmes Group Inc referred to Senior Judge Wesley E. Brown [5-1] (ef) [Entry date 01/03/00]
1/3/00	32	REPLY MEMORANDUM by pltf Holmes Group Inc in support of its motion for preliminary injunction [5-1] and in opposition to deft's motion to stay proceedings [20-1] referred to Judge Brown (vlw) [Entry date 01/04/00]
1/3/00	33	MINUTE SHEET of hearing before Senior Judge Wesley E. Brown granting motion to intervene by US Int'l Trade Comm [29-1]; granting in part and denying in part pltf's motion for preliminary injunction [5-1]; finding moot pltf's motion to expedite discovery [4-1]; denying deft's motion to stay proceedings [20-1]; Court Reporter: Nancy Schaefer (vlw) [Entry date 01/04/00] [Edit date 02/18/00]
1/3/00	34	OPPOSITION by deft Vornado Air to pltf's motion for preliminary injunction referred

Appendix B

		to Senior Judge Wesley E. Brown [5-1] (vlw) [Entry date 01/04/00]
1/4/00	35	MINUTE SHEET of hearing before Senior Judge Wesley E. Brown regarding pending motions [29-1] [20-1] [5-1] [4-1]; proposed orders submitted; Court Reporter: Gary Rowles (vlw) [Entry date 01/05/00]
1/4/00	36	ORDER ENTERED by Senior Judge Wesley E. Brown granting in part and denying in part pltf's motion for preliminary injunction [5-1]; pltf Holmes Group Inc to post surety bond within 10 days in the amount of $100,000.00 with the Clerk of this Court (cc: all counsel) (vlw) [Entry date 01/05/00]
1/4/00	37	ORDER ENTERED by Senior Judge Wesley E. Brown denying as moot pltf's motion to expedite discovery [4-1] (cc: all counsel) (vlw) [Entry date 01/05/00]
1/4/00	38	ORDER ENTERED by Senior Judge Wesley E. Brown denying deft's motion to stay proceedings [20-1] (cc: all counsel) (vlw) [Entry date 01/05/00]
1/4/00	39	ORDER ENTERED by Senior Judge Wesley E. Brown granting US Int'l Trade Comm's motion to intervene [29-1] (cc: all counsel) (vlw) [Entry date 01/05/00]

Appendix B

1/5/00	40	MOTION for attorneys Andrea C. Casson and Mary Jane Alves to appear pro hac vice by intervenor US Int'l Trade Comm referred to Magistrate Judge Donald W. Bostwick (cc: Attorney Registration) (vlw) [Entry date 01/06/00] [Edit date 01/06/00]
1/5/00	41	PARTIAL TRANSCRIPT of hearing held 1/3/00 before Senior Judge Wesley E. Brown; volume(s) 1, pages 1-16; Court Reporter: Bannon & Assocs. (vlw) [Entry date 01/06/00] [Edit date 02/18/00]
1/7/00	42	MOTION for summary judgment on the 1st cause of action by pltf Holmes Group Inc referred to Senior Judge Wesley E. Brown (vlw) [Entry date 01/10/00]
1/7/00	43	MEMORANDUM by pltf Holmes Group Inc in support of its motion for summary judgment on the 1st cause of action referred to Senior Judge Wesley E. Brown [42-1] (vlw) [Entry date 01/10/00]
1/10/00	44	ORDER ENTERED: by Magistrate Judge Donald W. Bostwick granting motion for attorneys Andrea C. Casson and Mary Jane Alves to appear pro hac vice by intervenor US Int'l Trade Comm [40-1] (cc: all counsel) (jh) [Entry date 01/11/00]
1/10/00	45	ORDER ENTERED: by Magistrate Judge Donald W. Bostwick granting motion for

Appendix B

		attorney James W. Dabney to appear pro hac vice by plaintiff [26-1] (cc: all counsel) (jh) [Entry date 01/11/00]
1/10/00	46	MINUTE ORDER ENTERED by Clerk granting motion for attorney Jeffrey D. Karceski to appear pro hac vice by defendant Vornado Air [25-1] (cc: all counsel) (jh) [Entry date 01/11/00]
1/10/00	47	MINUTE ORDER ENTERED by Clerk granting motion for attorney Peter W Gowdey to appear pro hac vice by defendant Vornado Air [22-1] (cc: all counsel) (jh) [Entry date 01/11/00]
1/10/00	48	MINUTE ORDER ENTERED by Clerk granting motion for attorney Lynn E Eccleston to appear pro hac vice by defendant Vornado Air [23-1] (cc: all counsel) (jh) [Entry date 01/11/00]
1/10/00	49	MINUTE ORDER ENTERED by Clerk granting motion for attorney Lisa A Dunner to appear pro hac vice by defendant Vornado Air [24-1] (cc: all counsel) (jh) [Entry date 01/11/00]
1/10/00	50	NOTICE OF INTERLOCUTORY APPEAL to FEDERAL CIRCUIT by Vornado Air from the court's order of 1/4/00 regarding the preliminary injunction [36-1] (cc: all

counsel, Federal Circuit) (vlw) [Entry date 01/11/00]

1/10/00 — APPEAL FEE STATUS: filing fee not paid as to interlocutory appeal of deft Vornado Air [50-1] (vlw) [Entry date 01/11/00]

1/11/00 51 ORDER ENTERED by Magistrate Judge Donald W. Bostwick: scheduling conference set for 10:00 2/8/00 (cc: all counsel) (vlw) [Entry date 01/12/00]

1/11/00 — APPEAL FEE STATUS: filing fee paid as to appeal of deft Vornado [50-1] (Receipt # 20424) (vlw) [Entry date 01/12/00]

1/11/00 52 LETTER to FEDERAL CIRCUIT stating filing fee paid by appellant Vornado Air [50-1] (vlw) [Entry date 01/12/00] [Edit date 02/01/00]

1/14/00 53 MOTION to stay pltf's motion for summary judgment pending outcome of deft's preliminary injunction appeal to 10CCA by defendant Vornado Air referred to Senior Judge Wesley E. Brown (vlw) [Entry date 01/18/00]

1/14/00 54 MEMORANDUM by deft Vornado Air in support of its motion to stay pltf's motion for summary judgment pending outcome of deft's preliminary injunction appeal to

10CCA referred to Senior Judge Wesley E. Brown [53-1] (vlw) [Entry date 01/18/00]

1/14/00 55 PRELIMINARY INJUNCTION BOND in amount of $100,000.00 filed by plaintiff Holmes Group Inc pursuant to court's order of 1/14/00 [36-1]; surety American Casualty Company of Reading, PA (vlw) [Entry date 01/18/00]

1/14/00 56 TRANSCRIPT of proceedings held 1/3/00 before Senior Judge Wesley E. Brown as to appeal of Vornado Air [50-1]; volume(s) 1 of 1; pages 1-68; Court Reporter: Bannon & Associates (Nancy Schaefer) (vlw) [Entry date 01/18/00]

1/18/00 57 APPEAL TRANSCRIPT PURCHASE ORDER by Court Reporter Nancy L. Schaefer as to appeal (FEDERAL CIRCUIT) of deft Vornado [50-1] ordering transcript(s) of the 1/3/00 proceeding; transcripts due: 1/12/00 (vlw) [Entry date 01/19/00]

1/19/00 58 ANSWER by counter-deft Holmes Group Inc TO COUNTERCLAIM by Vornado Air [28-2] (vlw) [Entry date 01/20/00]

1/24/00 59 MEMORANDUM in opposition by pltf Holmes Group Inc to deft's motion to stay pltf's motion for summary judgment pending outcome of deft's preliminary injunction

appeal to 10CCA [53-1] (cc: Judge Brown) (vlw) [Entry date 01/25/00] [Edit date 01/25/00]

1/27/00 60 MEMORANDUM in opposition by defendant Vornado Air to motion for summary judgment on the 1st cause of action by pltf Holmes Group Inc referred to Senior Judge Wesley E. Brown [42-1] (ef) [Entry date 01/31/00]

2/7/00 61 REPLY MEMORANDUM by pltf Holmes Group Inc in support of its motion for summary judgment on the 1st cause of action referred to Senior Judge Wesley E. Brown [42-1] (vlw) [Entry date 02/08/00]

2/9/00 62 SCHEDULING ORDER ENTERED by Magistrate Judge Donald W. Bostwick: Discovery deadline 8/15/00; dispositive motion deadline 9/26/00; Scheduling Conference held 2/8/00; final pretrial conference set for 10:00 9/12/00; status conference set for 1:30 4/13/00 (central time); case should be ready for trial by 10/00 (cc: all counsel) (vlw) [Entry date 02/10/00]

2/10/00 63 CERTIFICATE OF SERVICE of Rule 26 initial disclosures by plaintiff Holmes Group Inc (vlw) [Entry date 02/11/00]

2/11/00 64 APPEAL DOCKETED in FEDERAL CIRCUIT on 2/2/00 [50-1] and assigned

Appeal No. 00-1177 as to appeal of Vornado Air (vlw) [Entry date 02/14/00]

2/16/00 65 CERTIFICATE OF SERVICE of 1st request for production and 1st set of interrogs by plaintiff Holmes Group Inc (vlw) [Entry date 02/17/00]

2/24/00 66 NOTICE by deft of taking deposition of representatives of The Holmes Group Inc and Holmes Products Corp on 3/10/00 at 9:00 a.m. (vlw) [Entry date 02/25/00]

3/1/00 67 MOTION AND AFFIDAVIT for attorney Samuel P. Burkholder to appear pro hac vice by deft Vornado Air referred to Magistrate Judge Donald W. Bostwick (cc: Attorney Registration) (vlw) [Entry date 03/02/00] [Edit date 03/02/00]

3/1/00 — PRO HAC VICE FEE PAID for attorney Samuel P. Burkholder to appear pro hac vice by deft Vornado Air referred to Magistrate Judge Donald W. Bostwick [67-1] on 3/1/00 in the amount of $10.00 (Receipt # 20699) (vlw) [Entry date 03/02/00]

3/3/00 68 ORDER ENTERED by Magistrate Judge Donald W. Bostwick granting deft Vornado's motion for attorney Samuel P. Burkholder to appear pro hac vice [67-1] (cc: all counsel, Attorney Registration) (vlw) [Entry date 03/06/00]

Appendix B

3/3/00	69	CERTIFICATE OF SERVICE of second declaration of James W. Dabney by plaintiff Holmes Group Inc (vlw) [Entry date 03/07/00]
3/3/00	70	SECOND DECLARATION of James W. Dabney (cc: Judge Brown) (vlw) [Entry date 03/07/00]
3/7/00	71	SECOND DECLARATION of James W. Dabney (with original signature) [70-1] (jh) [Entry date 03/08/00]
3/8/00	72	MEMORANDUM AND ORDER by Senior Judge Wesley E. Brown denying deft Vornado's motion to stay pltf's motion for summary judgment pending outcome of deft's preliminary injunction appeal to 10CCA [53-1]; and granting pltf Holmes' motion for summary judgment on the 1st cause of action [42-1]; 12 pages (cc: all counsel) (vlw) [Entry date 03/09/00]
3/9/00	73	CERTIFICATE OF SERVICE by defendant Vornado Air of first set of interrogatories and first request for production of documents and things (jh) [Entry date 03/10/00]
3/15/00	74	MOTION for entry of judgment pursuant to Rule 54(b) by defendant Vornado Air referred to Senior Judge Wesley E. Brown (ef) [Entry date 03/16/00]

Appendix B

3/16/00	75	MOTION for injunction against relitigation by plaintiff Holmes Group Inc referred to Senior Judge Wesley E. Brown (bs) [Entry date 03/17/00]
3/20/00	76	NOTICE OF SERVICE of response to pltf's 1st set of interrogs and response to pltf's 1st request for production by intervenor US Intl Trade Comm (vlw) [Entry date 03/21/00]
3/27/00	77	FINAL JUDGMENT ENTERED BY JUDGE BROWN: IT IS ORDERED, pursuant to the Memorandum and Order filed 3/8/00 and entered on the docket 3/9/00, that Final Judgment is entered in favor of Holmes and against Vornado on Holmes' first cause of action seeking declaratory judgment holding that Holmes' sale of its fan and heater products does not infringe any valid or enforceable trade dress claimed by deft Vornado under 15 USC 1051 et seq [72-1] (cc: all counsel) (vlw) [Entry date 03/27/00] [Edit date 03/29/00]
3/27/00	78	NOTICE OF APPEAL to "FEDERAL CIRCUIT" by attorney Kent Meyerhoff on behalf of defendant Vornado Air from judgment of 3/27/00 [77-1] (cc: all counsel, 10CCA) (vlw) [Entry date 03/28/00] [Edit date 03/28/00]

3/27/00	—	APPEAL FEE STATUS: filing fee paid as to appeal of deft Vornado Air [78-1] (Receipt # 20836) (vlw) [Entry date 03/28/00]
3/27/00	79	ENTRY OF APPEARANCE for defendant Vornado Air by attorney Kent A. Meyerhoff (vlw) [Entry date 03/28/00]
3/27/00	80	VERIFICATION by Vornado Air that their responses to pltf's 1st set of interrogs are true and correct (vlw) [Entry date 03/28/00]
3/28/00	81	RESPONSE by defendant Vornado Air in opposition to motion for injunction against relitigation pursuant to the All Writs Act by plaintiff Holmes Group Inc referred to Senior Judge Wesley E. Brown [75-1] (vlw) [Entry date 03/29/00]
3/29/00	82	RESPONSE by intervenor US Intl Trade Comm to motion for injunction against relitigation by plaintiff Holmes Group Inc referred to Senior Judge Wesley E. Brown [75-1] (jh) [Entry date 03/30/00]
3/30/00	83	MOTION for attorney Donnette R. Rimmer to appear pro hac vice by intervenor referred to Magistrate Judge Donald W. Bostwick (cc: Attorney Admissions) (ef) [Entry date 03/31/00]
3/31/00	84	REPLY BRIEF by plaintiff Holmes Group Inc in support of its motion for injunction

		against relitigation referred to Senior Judge Wesley E. Brown [75-1] (vlw) [Entry date 04/03/00]
4/10/00	85	APPEAL MANDATE from 10CCA dismissing proceeding [50-1] (Appeal No. 00-1177) (vlw) [Entry date 04/11/00]
4/12/00	86	ORDER ENTERED by Magistrate Judge Donald W. Bostwick granting motion for attorney Donnette R. Rimmer to appear pro hac vice by intervenor (cc: Attorney Admissions) [83-1] (cc: all counsel) (vlw) [Entry date 04/13/00]
4/14/00	87	APPEAL DOCKETED in FEDERAL CIRCUIT on 4/10/00 [78-1] and assigned Appeal No. 00-1286 (vlw) [Entry date 04/17/00]
5/16/00	88	CERTIFICATE OF SERVICE of Vornado's identification of in-house experts by defendant Vornado Air (vlw) [Entry date 05/17/00] [Edit date 05/17/00]
5/16/00	89	IDENTIFICATION OF IN-HOUSE EXPERTS submitted by defendant Vornado Air; defendant Vornado Air will not be calling any in-house witnesses as experts at trial (vlw) [Entry date 05/17/00]
6/5/00	90	MEMORANDUM AND ORDER: by Senior Judge Wesley E. Brown denying motion for

injunction against relitigation by plaintiff Holmes Group Inc [75-1] 2 pages (cc: all counsel) (ef) [Entry date 06/06/00]

6/6/00 91 JOINT MOTION for entry of order pursuant to the parties' settlement agreement by Holmes Group Inc, Vornado Air, US Intl Trade Comm referred to Senior Judge Wesley E. Brown (ef) [Entry date 06/07/00]

6/12/00 92 ORDER ENTERED by Senior Judge Wesley E. Brown on joint motion of parties to dismiss claims: Plaintiff's 2nd, 3rd, 4th, 5th, 6th and 7th causes of action are dismissed without prejudice to reopening; all proceedings relating to counterclaim of defendant Vornado are stayed pending further order of this court; if final judgment on plaintiff's 1st cause of action is affirmed on appeal, Preliminary Injunction Order issued 1/4/00 shall become a Permanent Injunction Order, preliminary injunction bond posted by Holmes shall be released and discharged, dismissal of claims 2-7 shall become with prejudice, and counterclaim of Vornado shall be dismissed with prejudice, if Final Judgment on 1st cause of action is reversed on appeal, either party may seek reinstatement of all claims conditionally dismissed [91-1] (cc: all counsel) (vlw) [Entry date 06/13/00]

6/11/01 93 APPEAL MANDATE from FEDERAL CIRCUIT vacating the District Court's judgment and remanding the matter back to District Court for further proceedings; case reopened [78-1] (Appeal No. 00-1286) (cc: Judge Brown) (vlw) [Entry date 06/12/01] [Edit date 06/29/01]

6/15/01 94 NOTICE OF HEARING before Senior Judge Wesley E. Brown: status/motions hearing set for 1:30 8/27/01 (cc: all counsel) (vlw) [Entry date 06/18/01]

6/29/01 95 CERTIFIED COPY OF APPEAL MANDATE from "Federal Circuit"; judgment of District Court is vacated; case remanded to District Court for further proceedings (Appeal No. 00-1286) (vlw) [Entry date 07/02/01]

8/27/01 96 MINUTE SHEET of hearing before Senior Judge Wesley E. Brown: Status Conference held 8/27/01; case stayed pending writ of certiorari; parties to advise court of status by 12/1/01 Court Reporter: Jim Harper (vlw) [Entry date 08/28/01]

[END OF DOCKET: 6:99cv1499]

APPENDIX C — OPINION OF THE SUPREME COURT OF THE UNITED STATES GRANTING CERTIORARI DATED NOVEMBER 8, 2001

SUPREME COURT OF THE UNITED STATES

01-408

THE HOLMES GROUP, INC.

v.

VORNADO AIR CIRCULATION SYSTEMS, INC.

* * *

November 8, 2001, Decided

JUDGES: Rehnquist, Stevens, O'Connor, Scalia, Kennedy, Souter, Thomas, Ginsburg, Breyer.

OPINION: The petition for a writ of certiorari is granted limited to Questions 1 and 3 presented by the petition.

APPENDIX D — PER CURIAM ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT DATED AND FILED JUNE 5, 2001

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

00-1286

THE HOLMES GROUP, INC.,

Plaintiff-Appellee,

v.

VORNADO AIR CIRCULATION SYSTEMS, INC.,

Defendant-Appellant.

Before MAYER, *Chief Judge*, NEWMAN and SCHALL, *Circuit Judges*.

PER CURIAM.

ORDER

Upon consideration of the issues presented in this case,

IT IS ORDERED THAT:

(1) The March 27, 2000 judgment of the United States District Court for the District of Kansas is vacated.

(2) The case is remanded to the United States District Court for the District of Kansas for further proceedings in light of the decision of the Supreme Court of the United States in *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 121 S. Ct. 1255 (2001). The district court is directed to consider whether the "change in the law" exception to collateral estoppel applies in view of the *Traffix* decision, and, if appropriate, then to consider the case on the merits.

(3) Each side shall bear its own costs.

FOR THE COURT

JUN – 5 2001
Date

s/ Jan Horbaly
Jan Horbaly
Clerk

APPENDIX E — TRANSCRIPT OF PROCEEDINGS OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF KANSAS DATED JANUARY 3, 2000

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

Case No. 99-1499-WEB

HOLMES GROUP, INC.,

Plaintiff,

VS.

VORNADO AIR CIRCULATION,

Defendant.

PROCEEDINGS

The following proceedings were had before the Honorable Wesley E. Brown, United States District Court Judge, United States Courthouse, 401 North Market, Wichita, Sedgwick County, Kansas, on the 3rd day of January, 2000, starting at 2:31 p.m.

* * *

[3] PROCEEDINGS

MR. LAHEY: All rise. Court is now in session, please be seated.

THE COURT: Call your case, Ms. Clerk.

THE COURT CLERK: In the United States District Court for the District of Kansas, Civil Case 99-1499, Holmes Group, Inc. versus Vornado Air Circulation.

THE COURT: Have you announced your appearances to the court reporter?

MR. GOERING: Yes, Your Honor.

MR. GOWDEY: We have, Your Honor, Peter Gowdey for Vornado.

THE COURT: All right.

MR. GOERING: Yes, Your Honor, we have, Jim Goering for the Holmes Group, my partner Timothy Mustaine, and you may remember from the previous trial —

THE COURT: Oh, I remember Mr. Dabney.

MR. GOERING: — Mr. Dabney and Carol —

THE COURT: I will remember you, Mr. Gowdey, too when we get through with this.

[4] MR. GOWDEY: I don't think you can, Your Honor, because I have not been here before.

THE COURT: I said I will remember you after we have it.

MR. GOWDEY: Oh, okay.

THE COURT: No, I remember we — I have looked through your papers that you filed in this case. You remember the — my sense of humor sometimes gets the best of me, but you remember the story of the judge who had a great long group of documents and he went in chambers and rolled 'em up and said I've just looked through your papers. So you realize that there's been a massive group of documents filed. I have tried to go over them sufficiently to see what we have.

Let me summarize briefly what I think this case before me today is, and then I'll be glad to hear from you all as long as you want to visit with me about it. The previous litigation in this suit court involving defendant Vornado and another company Duracraft, the Tenth Circuit determined that Vornado could not protect as trade dress its air tensity spiral fan grill because the grill was a significant inventive [5] element of Vornado's patented fans. That was the decision.

In this action, plaintiff Holmes alleges that Vornado, among other things, has filed a complaint before the International Trade Commission, the ITC, claiming that Vornado's grill is protected trade dress and is claiming that Holmes is making products that infringe on Vornado's trade dress. Holmes now seeks relief against Vornado under federal trademark law and various state laws.

The Court has set this matter down for a motions hearing and a status conference. As of Friday, there were four motions filed, a motion to intervene by the United States International Trade Commission, Holmes' motion for a preliminary injunction, Holmes' motion for expedited discovery, and Vornado's motion to stay this proceeding.

Appendix E

The first issue that I'll take up this morning will be the motion to intervene by the ITC. And if you have anything further to say, any of your parties, there has been objection to intervention, I'll be glad to hear from the government and any objections to the [6] intervention at this point.

MR. DABNEY: Your Honor, James Dabney.

THE COURT: Yes. I can see you all right. They haven't got you quite blocked off by that. I imagine that's your — is that your exhibit?

MR. DABNEY: This is — the exhibit to my left is a plaintiff's exhibit, Your Honor.

THE COURT: It's familiar to me.

MR. DABNEY: Yes. We received the government's motion to intervene only late in the afternoon on December 30, just before our computers went down for the Y2K on the eve of the New Year's Eve recess. Holmes does not believe that there is any basis for ITC intervention in this case, but we would respectfully request an opportunity to brief that issue for Your Honor's consideration prior to a ruling on that.

THE COURT: Well, I'm going to have to rule on it before I rule on your other issue. Now, do you want me to wait for that? My inclination, of course, always is to let anybody come in and argue that wants to argue with me. [7] What the effect would be I don't know. But you realize that's my inclination and I don't — even if I let 'em intervene, the question of whether or not anything I do would affect them one way or another is another question.

Appendix E

MR. DABNEY: Your Honor, Holmes does not wish for this proceeding to be delayed for any reason, and in view of Your Honor's comments, I guess I'd like to confer with my client briefly before —

THE COURT: Go ahead.

MR. DABNEY: — we would draw any objection to the ITC's intervention.

THE COURT: Mr. Gowdey, would you like to —

MR. GOWDEY: Your Honor, I might say that I believe the justice department brief or the brief filed by the ITC points out that they have successfully intervened before. As we pointed out in our motion to stay, in the normal instance in an ITC case where you have a complainant and a respondent, there is a statute that directly permits the respondent to obtain a mandatory stay from a federal court judge if they're sued in federal court as well as the [8] ITC. And I think the intervention by the ITC relates directly to our motion to stay and points out why that motion is important for this court to consider and why it is important for this court to grant that motion to stay, because the ITC action can go on by itself. And I think the ITC, as they intervene, can explain that to Your Honor perhaps better than I can. Nonetheless, in the interest of judicial economy, the ITC has before it —

THE COURT: Has what?

MR. GOWDEY: Has before it now by guise of the complaint the issues that Holmes is attempting to get before

you and it would appear to us and Vornado that the last place Holmes wishes to be is the ITC. So we would support the ITC's intervention in this case for all of its instructive purposes that it can have.

THE COURT: Yes, Mr. Dabney.

MR. DABNEY: Your Honor, I have conferred with my client on this motion that I had not had a previous opportunity to confer with my client about. I would note for the record that we do not see any basis for the ITC's intervention in this case. However, we [9] waive any objection that the plaintiff may have to the intervention.

THE COURT: Thank you. With that in mind, the Court will permit the ITC to intervene and will accept their brief setting forth their position, and the motion to intervene is granted pursuant to Rules 24(a) and 24(b).

Now, with that out of the way, let's go to this interesting problem which is before the Court. Let's talk a minute about Holmes' motion for a preliminary injunction, and, Holmes, listen to me very carefully that I set forth what you're talking about. In this motion for preliminary injunction, Holmes contends that Vornado is attempting to collaterally attack this court's judgment in Vornado one, we'll call it now. It further contends Vornado is engaging in false advertising, unfair competition, and deceptive acts and practices. Holmes contends that it will suffer irreparable harm if relief is not granted and it seeks a preliminary injunction restraining Vornado and its agents from doing several things, including, and this is a summary, claiming in advertising that its grill

constitutes protected trade dress, issuing [10] any public statement accusing Holmes of infringing any trade dress claim by Vornado and its grill, commencing or maintaining any action or proceeding in which the grill is claimed to be protected trade dress, or attempting to relitigate in any form, including the ITC, any issue decided by the Tenth Circuit in Vornado one. Holmes also asks the Court to order Vornado to withdraw its ITC complaint insofar as it asserts trade dress infringement and to the issues of corrective advertising.

Have I covered what you're claiming, Mr. Dabney, pretty much?

MR. DABNEY: You have, Your Honor.

THE COURT: Now, I have read your proceeding, Mr. Dabney. With that background, and I have the verified complaint for the injunction, temporary injunction or preliminary injunction, can we start out by agreeing that this court has jurisdiction over the parties and the subject matter of this case? I want to hear — I know you think so, you filed the complaint.

MR. GOWDEY: I think to the extent the complaint was filed, yes, you do.

[11] THE COURT: And so we have jurisdiction now because the, in effect, the ITC has entered its appearance, is that correct, ITC, you're here someplace?

MS. METZGER: Yes, Your Honor, Emily Metzger from the U.S. attorney's office.

THE COURT: All right, Emily —

MS. METZGER: Proud to be here, Your Honor.

THE COURT: — Ms. Metzger, excuse me. I've known Ms. Metzger since she was a little girl practically so if I say something — I'm not very formal in these motion hearings, but it isn't that I don't take you all very seriously, I do.

MR. GOWDEY: All right, Your Honor, I might just add in terms of this court's jurisdiction, it extends beyond the areas that you read in your summary because Vornado has now filed an answer and in that answer has set forth a counterclaim, so in addition to the trademark statutes, this court has jurisdiction over the patent claims now pending in this case as well so I would amend your summary to that extent.

THE COURT: All right. Do you agree [12] with that amendment, Mr. Dabney?

MR. DABNEY: I agree that the Court has jurisdiction to hear and decide the counterclaim Vornado has put forward; however, I would disagree that the filing of that counterclaim necessarily affects the basis —

THE COURT: Tell me again.

MR. DABNEY: I would disagree that a counterclaim filed by a defendant in a case affects the basis of the Court's jurisdiction which is determined by the face of the plaintiff's complaint under well-established, well-pleaded complaint

rule of practice. But laying aside this disagreement I have with Mr. Gowdey over why the Court has jurisdiction the counterclaim, we agree the Court has jurisdiction over the counterclaim.

THE COURT: I have jurisdiction to decide it?

MR. DABNEY: Yes.

MR. GOWDEY: But it is not as small an issue as Mr. Dabney would have this court believe. There is much case precedent to state that in this situation the complaint here, in terms of its jurisdictional basis, should be [13] considered as the complaint filed by the declaratory judgment defendant/counterplaintiff and that way jurisdiction with respect to both the patent and trademark issues is significant because it takes appellate jurisdiction away from the Tenth Circuit in this case and places appellate jurisdiction for this matter to the court of appeals for the federal circuit in Washington.

THE COURT: Let me ask you, Ms. Metzger.

MS. METZGER: Yes, Your Honor.

THE COURT: You're here but in the main, will Mr. Gowdey be talking on behalf of the ITC?

MS. METZGER: Our positions are probably in line to some extent, Your Honor. With regard to remarks of the Court's jurisdiction, I believe that, yes, the United States' position is this court does have jurisdiction over this complaint and these parties. Our position, Your Honor, is

that the ITC, though, however, has jurisdiction over the complaint pending before it. It has not yet made a determination whether to initiate on that [14] complaint, whether to have an investigation, and, therefore, that decision will not be made until January 18th. So the position of the United States, Your Honor, is it would be inappropriate for this court to interfere in any way with the jurisdiction of the commission. It is an additional jurisdiction under the law, I believe, to hear this complaint.

So that's our position today. We will not necessarily align with either party on sort of the merits of this issue preclusion or collateral estoppel issue that has been raised in this. The ITC believes that is an issue that should be addressed by it in its forum by the commission when it airs the complaint or makes a determination whether to initiate an investigation. That is an issue it will — can and will consider. We take no formal position on the merits of that in this forum, Your Honor.

THE COURT: Is it fair to say that you are here to protect the jurisdictional position of ITC in determining the issue of what products can come into the United States?

MS. METZGER: I think that's a very fair statement, Your Honor, yes. The statutory [15] jurisdiction of the ITC to investigate complaints that have been brought before it or to self-initiate investigations where appropriate.

THE COURT: You both agree with my conclusion about the ITC's position in this, Mr. Gowdey?

MR. GOWDEY: I agree with everything Ms. Metzger said, yes, Your Honor.

THE COURT: That isn't what I asked you, it's what I said —

MR. GOWDEY: I do agree —

THE COURT: — my conclusion?

MR. GOWDEY: — the jurisdiction of the ITC is with respect to imported goods coming into the U.S.

THE COURT: All right. Mr. Dabney, does that suit you too?

MR. DABNEY: Your Honor, I'd say Holmes takes no position with regard to the ITC's stated jurisdiction or not.

THE COURT: Then you have no claim one way or another with respect to it?

MR. DABNEY: We do not. As far as Holmes' position is concerned, the motion before [16] the Court has nothing to do with the ITC, we don't know why they're here.

THE COURT: Well, when I let them in, I have to consider it, do you understand that, in light of their contention for the jurisdiction that they have, and I will rule on that as to what I do?

MR. DABNEY: I certainly agree with that, Your Honor.

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THE COURT: All right. Just keep me straight. You remember me telling you that many times? You tried very hard, Mr. Dabney, and were successful after I made a mistake.

Let's see now, all right. Now, for the preliminary assessment, I call it, the Court has jurisdiction over the parties and the subject matter. In claiming that its grill is protected trade dress, it seems clear that Vornado is asserting something directly contrary to the Tenth Circuit's holding, which is binding in this circuit. But Vornado is making a claim in another jurisdiction and is bringing that claim before another tribunal with jurisdiction to hear and decide the issue presented there. And that issue is not necessarily what this court [17] must decide.

As you know, a preliminary injunction requires a showing of four elements by the party seeking relief. This is standard, I only repeat it here because — to keep ourselves focused on what we must do. In seeking relief, the party seeking it must — there must be a substantial likelihood of prevailing on the merits, there's irreparable harm in the absence of the injunction, proof that the threatened harm outweighs any damage the injunction might cause to the party opposing it, and that the injunction, if issued, will not be adverse to public interest. And that's all standard in this circuit and everyplace else as far as I know, but most recently with the Tenth Circuit in a case of Kansas Health Care Associates versus the SRS, 31 Fed. 3d 1536. It's a 1994 case.

Now, how we do this, this is a motion hearing and a status conference, and I guess I better turn it over to you, Mr. Dabney, to give me the benefit of your views —

Appendix E

MR. DABNEY: Thank you, Your Honor.

THE COURT: — which have been [18] thoroughly expounded in your memorandums to the Court. I'd be glad to hear from you.

MR. DABNEY: Thank you, Your Honor. James Dabney, Pennie & Edmonds, L.L.P. of New York for the plaintiff, the Holmes Group, Inc.

Your Honor, in 13 days, one of the two largest housewares industry trade shows is going to open, and the question before Your Honor, the first question before Your Honor on our preliminary injunction motion is whether at that show and pending determination of this action the defendant in this case is going to be permitted to tell Holmes' customers at that show that Holmes' products, exemplified by these Holmes — the Holmes blizzard fan and the Holmes power heater, are identified in the photographs attached to the declaration of Paul Powers, questions whether Holmes' — the defendant is going to be permitted to tell Holmes' customers that they better watch out and not buy these products because they somehow embody what the defendant claims is a trade dress owned by the defendant.

We've put in affidavits, which are uncontradicted on the record before Your Honor, [19] that the statements to that effect which the defendant has made to date, which have been specifically and deliberately targeted at Holmes and its customer relationships, have been highly injurious to Holmes' reputation, have caused confusion on the part of major purchasers of Holmes, who need not too much reason not to

deal with Holmes instead of another competitor who isn't the subject of these kinds of allegations.

THE COURT: Is Duracraft in this business too?

MR. DABNEY: Duracraft is in the exact same business, Your Honor, and —

THE COURT: Are they at the trade show?

MR. DABNEY: They are at the trade show. They are at the trade show, and if Mr. Gowdey's position were correct, they could go now and sue Duracraft and seek an injunction and exclusion order against Duracraft on the same theory that supposedly Your Honor's judgment in this case doesn't mean anything anymore. I respectfully submit to Your Honor that as to what in my experience are the most important considerations governing the grant or [20] denial of preliminary injunctive relief, namely irreparable harm and the absence of the relief sought from the balance of the hardships between the parties, there's no contest here. There's no question but that the conduct that Holmes is trying to stop in this court is conduct that is intended and calculated to cause injury to Holmes, to scare off Holmes' customers, to discourage Holmes' customers from buying products from Holmes in a circumstance which is classic textbook irreparable harm of the sort that can never be compensated for in money damages after the fact.

If we don't get a preliminary injunction from Your Honor, the 2000 National Housewares Manufacturers Association Trade Show is going to be over and Holmes will forever lose

its right to do business at that show free from disparagement and interference and damage caused by what we contend are literally false and malicious allegations of trade dress infringement made by the defendant. So the —

THE COURT: You have attached those representations as a part of your brief.

MR. DABNEY: We have, Your Honor.

[21] THE COURT: Yes.

MR. DABNEY: And so the decision before Your Honor comes down to what we see as a pure question of law, which is does the final judgment of Your Honor and the Tenth Circuit remain binding on the defendant? If it does, the application has to be granted because in that situation, the charges of trade dress infringement, the allegation that Holmes is an infringer are indisputably and literally false.

We believe we have established the highest possible likelihood of success on the merits of that claim because as a result of nearly three years of litigation before Your Honor, that was litigated up to the Supreme Court of the United States and specifically decided. Vornado has not even made a pretense that the claim it's trying to assert today is different in the slightest from the claim which was before Your Honor in the Vornado one case. I have put up before Your Honor an image of what they contend is the trade dress today, the Vornado model 5506, and as Your Honor can see, it's even apparently the identical stock photograph that was at issue in the Vornado one case.

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[22] So the only thing which the defendant has to say for itself in this case is that the judgment of Your Honor and the Tenth — well, they said two things. The first thing they've said to Your Honor is we don't want Your Honor to decide the question of whether your judgment means anything anymore. The first thing they did in response to Holmes' motion was to come in and file a motion to stay all proceedings in this court to say Holmes should be thrown out on its ear in the street, the Court should do nothing and should not decide anything in this case.

The practical effect of the stay motion, Your Honor, would mean that the preliminary injunction would be heard by nobody. There's no claim made that there's some other tribunal we should have made this motion to. Certainly, the ITC makes no claim that it could have jurisdiction to hear or decide this motion. So the first point was a extremely ungrounded motion for stay of proceedings, which the defendant understandably is receding a little bit from now and has actually now filed a motion on the merits, which was handed to me in the [23] courtroom today for the first time.

So assuming that Your Honor is actually going to take up the merits of the application, which Your Honor has done and we appreciate that very much, the only issue comes down to whether or not this decision of the federal circuit in 1999 somehow renders the judgment of this court a dead letter and relieves the defendant of the binding effect of the judgment. We respectfully submit that it clearly and obviously does not.

Appendix E

At the time the Vornado one decision was decided, the defendant in this case sought and Your Honor granted nationwide injunctive relief. This was not a case limited to the Tenth Circuit. This was a case in which they sought nationwide injunctive relief and Your Honor ruled that they were entitled to an injunction barring use of this alleged trade dress anywhere in the United States. On the day the Tenth Circuit's decision was decided on July the 5th, 1995, they distinguished in their decision the law of the Ninth Circuit in the Clamp case, which Vornado had argued that the Tenth Circuit should adopt and the Tenth Circuit declined to adopt it. Well, the law at that time in the [24] Ninth Circuit was different than it was in the Tenth Circuit, and if Vornado had filed suit in the Ninth Circuit instead of the Tenth Circuit, the merits of that claim might have been subject to different verbiage and conceivably the outcome might have been different based on the application of that verbiage to the specific facts of this case. We'll never know. But the idea that there's been some new development in the year 1999 because the court of appeals for the federal circuit has said that it disagrees with the ratio decidendi of the Tenth Circuit is simply insupportable. Nothing has changed.

If Your Honor studies the law of functionality or the law of distinctiveness or the law of trade dress as it has been articulated in the courts of appeal through time, the courts of appeal are all over the lot. There is nothing new about this. There has been no change in the law whatsoever. The argument that suddenly in 1999 the court of appeals for the federal circuit has decided that it now agrees sort of with the Ninth Circuit approach, which really isn't a change anyway —

THE COURT: Do ycu think that's new [25] law?

MR. DABNEY: What's new, Your Honor, the only thing that's new has nothing to do with the substantive law. The only thing that's new — the law, the substantive law of the federal circuit on trade dress infringement is exactly the same today as it was four years ago. The only thing that's changed is that for the first 15 years of its existence, the federal circuit took the position that when patent claims, which are its exclusive province, are joined with non-patent claims, such as estate law tort claim —

THE COURT: They have patent claims now before the ITC, don't they?

MR. DABNEY: Vornado has a patent claim pending before the ITC, exactly, Your Honor.

THE COURT: And the trade dress claim, both?

MR. DABNEY: Yes, they do.

THE COURT: Okay, that's fine, and I thought the circuit — procedurally, I thought the — isn't the D.C. circuit the one we are talking about?

[26] MR. DABNEY: It's the federal — court of appeals for the federal circuit.

THE COURT: Yes.

MR. DABNEY: And there is no question but that the federal circuit has exclusive jurisdiction to hear appeals from

ITC decisions. But the court of appeals for the Ninth Circuit has exclusive jurisdiction to hear appeals from the central district of California, and the supreme court of Kansas has exclusive jurisdiction to hear appeals from the trial courts in the State of Kansas, that's not new. The enforceability of a judgment rendered by a federal court has never depended on the forum where the losing litigant went to to try to evade it. The judgment is enforceable wherever the litigant goes to try to evade it, and we have cited case after case after case in our brief to Your Honor where federal courts have issued relitigation injunctions against losing litigants who attempt to do exactly what Vornado has done here.

The courts have not held that a litigant is relegated to asserting res judicata and collateral estoppel defenses in the second court [27] and run the gauntlet in the second court. The cases are cited in our brief, it's been held over and over again that the Court can — doesn't have to, don't want to suggest the Court has to, but the Court unquestionably has jurisdiction and, we respect, should exercise its jurisdiction to decide whether or not there's been some profound intervening change in the law which justifies rendering three years of litigation and the considered judgment of the Tenth Circuit and this court nugatory and of no force and effect so that Vornado can go around and sue Duracraft and Holmes and anyone else for alleged infringement of the alleged unregistered trade dress which was the subject of that prior action.

We are all subject to the Supreme Court of the United States, and the one thing that clearly has not changed is there's been no intervening supreme court decision. The suggestion

that the federal circuit could somehow review and overrule or trump, to use Vornado's word, a final judgment rendered years before by a —

THE COURT: The —

[28] MR. DABNEY: I'm sorry?

THE COURT: The federal circuit has said they didn't agree with the Tenth Circuit.

MR. DABNEY: That's right.

THE COURT: In no uncertain terms.

MR. DABNEY: And the Second Circuit and the Ninth Circuit and the Third Circuit all in their own ways also disagree with each other and the Tenth Circuit. There has never been —

THE COURT: Well, I don't disagree with the Tenth Circuit is my position.

MR. DABNEY: All I'm saying is, Your Honor, is we're not here arguing whether or not, as a matter of stare decisis in a new case, whether or not Tenth Circuit law principles or federal circuit law principles should be applied to a new claim that has never before been litigated. That's not the issue before this court. We're also not talking about whether or not there should be concurrent ITC and federal court adjudications of issues which have never before been litigated. That's not the issue either.

The issue before this court is whether a final judgment, not just of a district court but [29] of an appellate court and of the Supreme Court of the United States, is going to be enforced or not. If Your Honor determines that the judgment rendered in this case remains valid, and I respectfully submit that there hasn't been any presentation that could call into question the continued validity of the judgment insofar as it binds the defendant, the Court has to grant the application that we've asked, at least as to the advertising injuries that we are claiming in this case.

With regard to the relitigation injunction, we've cited the numerous authorities in our papers in which such injunctions have been granted. It would make no difference whether Vornado went into the southern district of New York or the northern district of Texas or the supreme court of the State of New York or the ITC, the fact that they chose the ITC is a shear happenstance and it should not call for the Court to withhold a relitigation injunction that would otherwise be granted if they had gone into an Article 3 court.

It's quite noteworthy that in this case, Vornado chose perhaps the only forum in the [30] United States where there isn't any available transfer of venue opportunity for the proceeding to be brought back before Your Honor. It's transparent that the defendant has engaged in forum shopping, it's a classic situation where relitigation injunctions have been granted in the past.

We seek no relief as to the ITC, we have tried to say this over and over again in our papers, the injunction that we suggest Your Honor enter will have no binding force

whatsoever on the ITC, and from our standpoint, the ITC no more has a stake in this case than does any federal district judge in the United States who theoretically could hear this same attempted relitigation of the same matter.

Thank you, Your Honor.

THE COURT: All right. Mr. Gowdey.

MR. GOWDEY: Well, I must say that while Mr. Dabney is a vehement and learned speaker, not a great deal of what he had to say is really relevant to the substance of what's going on here. In the first place, there is one press release; I am not aware there is going to be any other press releases with respect to the [31] show. Midwest is the case, I believe Your Honor has read, we talked about it during the telephone hearing, it is the federal circuit case that in our view has substantially changed the law, and I will get into that in just a second. Midwest has also been denied certs so the supreme court has put its stamp, its imprimatur on the Midwest decision.

Several times Mr. Dabney indicated that we can go out and now sue Duracraft. That is not the case. I think Vornado has to live with the results of the Tenth Circuit in terms of how it affected Duracraft; and, in fact, Honeywell bought Duracraft so Honeywell gets the benefit of that. We cannot affect them, we have to live with that. Vornado has not given up, it never has given up its trade dress rights or trade dress claims and has indeed attempted in the intervening years to pursue those, to do everything it can to instill in the minds of the consuming public that there are trade dress claims with respect to its spiral grill design.

In terms of the new changes of law with respect to the Midwest decision, what is new and different is that the court of appeals for the [32] federal circuit in bank in Midwest determined that where there are interactions and conflicts between patent issues, patent law issues, patent law principles and other federal and state claims, primarily Landom (sp) Act, which is what Midwest dealt with, that the federal circuit would no longer rely on regional circuit law. To the contrary, they have decided that they will rely on their own federal circuit law and precedent. And they came to that conclusion —

THE COURT: Has this circuit accepted that view?

MR. GOWDEY: Say again.

THE COURT: Has this circuit accepted that view?

MR. GOWDEY: I have no idea, but that really isn't a relevant question because by the fact there is —

THE COURT: Questions are never irrelevant.

MR. GOWDEY: The fact that there is now a patent claim joined with the trademark claim in this case places appellate jurisdiction with the federal circuit. Were this case to go forward, both the ITC case and this case would [33] both go up to the federal circuit for appellate review. Midwest has changed 180 degrees what the Tenth Circuit said with respect to the applicability interaction between patent law and trade dress, and the result in Midwest was that notwithstanding the fact that you have a patent, if you have an otherwise

permissible trade dress, you can have trade dress rights in conjunction with patent rights.

THE COURT: Well, but we have — one of the reasons the supreme court takes — grants cert is because there is a conflict in circuits, and there is a specific conflict in the ruling in the Midwest case and the ruling which was made by the Tenth Circuit in this case.

MR. GOWDEY: That's right.

THE COURT: Now —

MR. GOWDEY: And that's why we're saying there is a change in law, and getting back to the issue of —

THE COURT: That's what you indicated was my irrelevant question. I asked whether or not you knew of any case in which the Tenth Circuit had said that they were going to bow to the rulings of the federal circuit in a matter [34] of patent claims.

MR. GOWDEY: And the reason I thought that the proper answer was that that is irrelevant is because where there is a case brought in this circuit, in a district court in the Tenth Circuit, that involves both patent law issues or patent law issues combined with something else, the Tenth Circuit will not be the appellate court for that case. So the Tenth C[illegible]t will not —

THE COURT: You think now if I made a ruling in the Duracraft case that it would have gone directly to the federal circuit?

MR. GOWDEY: No, Duracraft did not include patent claims with it, and if you had a case that was solely limited to trade dress claims, the Tenth Circuit would have jurisdiction over that.

THE COURT: But the Tenth Circuit ruled in this case the reason trade dress did not apply was because of the patent.

MR. GOWDEY: That's correct.

THE COURT: So, in effect, they ruled on the patent at that time, didn't they?

MR. GOWDEY: Well, there was not a [35] patent claim in that case. As you might remember —

THE COURT: I remember the — the whole thing was on trade dress.

MR. GOWDEY: Correct.

THE COURT: I remember that. You must bear with me when I ask you these questions, Mr. Gowdey, it's to inform me of your position.

MR. GOWDEY: Correct.

THE COURT: And I have read your briefs and I — but I have some problems that I need to decide too, so go ahead with your . . .

MR. GOWDEY: Are we clear, though, as between what cases the Tenth Circuit would have appellate jurisdiction of as opposed to what the federal circuit has jurisdiction over?

THE COURT: The federal — your contention is that the Tenth Circuit would not have jurisdiction over the patent case but they would have jurisdiction over a trademark — on a trade dress case?

MR. GOWDEY: The Tenth Circuit would have jurisdiction over a case limited solely to trade dress issues. The federal —

[36] THE COURT: If it involved a patent claim along with it —

MR. GOWDEY: Then the —

THE COURT: — the trade dress and patent claim would all go to the federal circuit.

MR. GOWDEY: That's correct, Your Honor.

THE COURT: And that's the change of the law that you're talking about here?

MR. GOWDEY: Well, that plus the fact that in bank the federal circuit decided that when those situations arise, conflict between patent law and Landom Act trade dress rights, that the federal circuit will no longer apply regional circuit law, they will not apply Tenth Circuit law, they will apply federal circuit law, their own law, and their own law is 180 degrees contrary to what the Tenth Circuit held in Vornado one. And it's for that reason that we say there is no likelihood that Holmes can be successful on the merits in this case, and as a result, their motion for preliminary judgment has to fail. It has to fail by definition because this

change of law undermines entirely [37] this issue of collateral estoppel. It is not available to them, simply is not. Midwest changed all of that.

Now, with respect to the allegations they've made with respect to false statements, Mr. Dabney has time and again said that they are literally false. The one press release that Vornado issued, in fact, was not false, it was a correct statement of what was going on. It claimed — it said that the complaint filed by Vornado at the ITC made allegations, it correctly set forth what those allegations were. They're not false because of the Midwest case that provides an avenue now for a proper suit to be brought at the ITC. As Your Honor discussed and asked me awhile ago, the ITC is the correct forum to deal with the granting of exclusion orders following an investigation initiated by the commission where the effort being undertaken is to eliminate and stop improperly imported goods made overseas. The fans and everything that you see, this blizzard fan is made in China. Their — Holmes' web page said that they have an 800,000 square foot factory facility in Guangdong (sp) Province, China that's [38] manufacturing these things probably by hundreds of thousands of units, I have no idea. 800,000 square feet is an enormous size plant. They're stamped made in China. So to have any effect with respect to the patent claim and trade dress claims with respect to those fans, Vornado chose to initiate, and properly so, an action at the ITC.

As I got to you before, there is a statute referenced in our motion to stay that in ITC cases if a respondent, the defendant, is also sued in a district court, that respondent by statute can request an automatic stay of that district court

action pending final resolution of the ITC case. The reason for that is judicial economy; there's no sense having two federal courts, agencies dealing with the exact same issues. Our motion to stay, we think, is proper because we are, in a sense, in the respondent's position. We did not sue Holmes in a district court; we could have, we chose not to. They have sued us as a dec judgment defendant, which in a sense puts us in the same position as the respondent. There is no reason to have dual proceedings going, the ITC has [39] jurisdiction. As Ms. Metzger said, the ITC is going to take up this issue of collateral estoppel, trade dress rights and make that decision by January 18th, according to the last letter that I received. So they will deal with the merits raised by Mr. Dabney and will do so promptly.

There are trade shows and trade shows and trade shows, there are many of them throughout the year. As I said before, there was one trade — there was one press release that went out in November, there is not going to be another press release, that was it. I do not know what basis there is for the immediacy here, but I do know that it is impossible for Holmes to meet the four burdens that you so artfully articulated previously with respect to what preliminary injunctions require. And in view of the change of law that undermines their argument for collateral estoppel, we don't think there's any way they can be successful with respect to the first requirement that there be substantial likelihood that Holmes will eventually prevail on the merits.

Thank you.

[40] THE COURT: Mr. Dabney. Thank you, Mr. Gowdey.

MR. DABNEY: Your Honor, if anything is clear about the Midwest case, which we now see is the entire defense of Vornado, Mr. Gowdey stood up here and said that the press release was not false, quote, because of the Midwest case, unquote. So that's the whole issue here is can a — the charge that Vor — Holmes' products are infringing, which is unquestionably a defamatory and actionable charge, be justified by this case which supposedly represented a change in the law? If there's anything that's clear about the Midwest case is it said nothing about the law of res judicata or collateral estoppel. We are not before Your Honor on a case of first impression and we're going up and arguing whose principles of trade dress law are going to determine a question that the Court is considering in the first instance. That's not why we're here. We're here because there was a final judgment. And there's nothing in the Midwest case which states or suggests in any way that the court of appeals for the federal circuit would fail to recognize and give effect [41] to a duly rendered final judgment of a coequal sister circuit court of appeals. There has been no change in the law insofar as it relates to this application.

THE COURT: Doesn't the ITC give consideration to those things?

MR. DABNEY: The IT —

THE COURT: Consideration of what should be permitted to come into the United States?

MR. DABNEY: The ITC for purposes of determining whether or not there is any trade dress that could be a basis

for an exclusion order relies on the existence or nonexistence of a private right in Vornado, and the ITC is subject to collateral estoppel and res judicata just like the United States District Court for the Western District of Missouri, the United States District Court for the Southern District of New York. There is no difference in terms of —

THE COURT: Did you leave me out of that?

MR. DABNEY: No, I didn't mean to leave you out of that, Your Honor.

[42] THE COURT: You put Missouri and New York in there and left me out. I thought maybe you had some idea.

MR. DABNEY: I didn't, I was trying to illustrate the point that the choice of forum by a losing litigant has never affected whether or not res judicata applies. The law of res judicata hasn't changed, the law of res judicata is the same. And I think it's important that I point out to Your Honor that this change in the law that Mr. Gowdey keeps talking about does not represent any change in the law of res judicata or any change in the law of trade dress.

THE COURT: Res judicata —

MR. DABNEY: Yes.

THE COURT: — applies to the same parties.

MR. DABNEY: Correct.

THE COURT: The other phase of it, the — that you have to —

MR. DABNEY: Collateral estoppel.

THE COURT: Collateral estoppel.

MR. DABNEY: That's correct.

THE COURT: That's where you have to — res judicata doesn't apply in this case.

[43] MR. DABNEY: I'm — collateral estoppel, we can talk about that as a separate doctrine. For the first 15 years of its existence, that I was starting to say a moment ago, the federal circuit took the position that when in a new case that comes up and you've got a trademark claim and a patent claim joined together that it would apply federal circuit law to the patent claim and it would apply regional circuit law to the trademark claim so there would not be the incentive for forum shopping by having two different bodies of law. What the federal circuit did in the Caravan trailer case was to say that henceforth when a patent claim — when a case comes up to it that involves a patent claim and a trademark claim, henceforth it's going to apply its own law, which hasn't changed by the way, to the trade dress claim and it will no longer follow regional circuit law. I respectfully submit that that choice of law ruling, which is all it was, a choice of law ruling, is completely irrelevant to the issue before Your Honor which has to do with the enforcement and recognition of previous final judgments.

[44] And so the suggestion that the Midwest trailer case has something to say on enforcement of judgments, we respectfully submit, is completely unfounded. And I go back to my original point, if that were right, Vornado could have brought suit the day after the Tenth Circuit decision was filed in the Ninth Circuit, or indeed in the ITC, making the exact same argument because the law then was as different in the federal circuit and in other circuits as it is today. There hasn't been any change, and as Your Honor rightly pointed out, that's what we have a supreme court for, to resolve conflicts between the circuits. It's never been the case that one circuit can overrule another. Still less will one circuit purport to undo a previous judgment, final judgment, in a previous case decided by another.

So in view of the comment that the reason why Vornado's statements to the press and to our customers, there is evidence in the record that these statements Vornado has made have made their way to Holmes' customer base and they are pernicious because if the first Vornado case demonstrated anything, it is a trade dress [45] litigation is protracted and unpredictable, not to mention costly. Holmes cannot on its own respond effectively to the climate which Vornado has seen fit to create here. It was Vornado who chose to issue a press release and give interviews to the press and to release its sales force to go out and use this suit and the ITC as a selling tool as a part of a way to compete with Holmes. And if, as Mr. Gowdey says, Vornado now has come clean and it's not going to go and repeat these things anymore, then the injunctive relief we are seeking couldn't possibly cause it any harm at all.

As far as the immediacy goes, the immediacy, we respectfully submit, is clear. We've got the height of the selling season in the winter starting, we've got the big trade show going on, and we have documented evidence in the record that Vornado's accusations of trade dress infringement are having actual impact. In a case like this, you only need to show likelihood of confusion. Here the record shows actual confusion. Mr. Powers says that Holmes is getting actual phone calls from buyers seeking assurances with regard to this trade [46] dress claim. There's no way Holmes can effectively respond to that by the very nature of these claims. The leading industry publication, HFN, which is attached to Mr. Powers' declaration, its take on Vornado's position which quotes Mr. Coat (sp), the Court will remember, as accusing Holmes of thefts.

THE COURT: What?

MR. DABNEY: Thefts, T-H-E-F-T-S. That's what Holmes is telling the press. There isn't any question but that that type of statement is false and actionable under the Landom Act, it's in commerce, it's by a commercial competitor for the obvious purpose of undermining our client's business. And so if Mr. Gowdey is to be believed and Vornado doesn't really intend to issue any more releases and Vornado doesn't really intend to use these disputed claims in marketing and advertising, as I respectfully suggest, that's a reason that tips the balance of the equities even further in Holmes' favor. Vornado, as Your Honor knows from the first litigation, they use a lot of independent sales reps, there are lots of sales forces out there, no management organization can [47] control its people totally. The one thing that will

give us a prospect of relief is that if Holmes goes out and republishes these charges which are directly contrary to the judgment in Vornado one that they may be held in contempt and that may actually cause some results.

So we think that since the only argument on the merits that's really been put forward is the Midwest case and since the Midwest case does not represent any relevant change in the law and in no way calls into question the finality or the enforceability of the final judgment in Vornado one, we have demonstrated a likelihood of success on the merits. The Midwest case is no defense. And regardless of what appellate court hears any appeal from a grant of Your Honor's preliminary injunction, we are highly confident that whatever appellate court hears that will respect and enforce the final judgment of Your Honor in Vornado one.

MR. GOWDEY: Your Honor.

THE COURT: Yes, Mr. Gowdey.

MR. GOWDEY: A couple of points. I did not say that the press release was — did not contain false statements on this because of [48] Midwest. The press release correctly set forth the nature of what the complaint said at the ITC. If there were a hundred of those, they wouldn't be false. So the fact that there was one really is irrelevant. There has been a significant change with respect to this in bank ruling in Midwest. If we had — if Vornado had sued someone else at the ITC the day after the Tenth Circuit decision and it — and that was successful at the ITC and was appealed to the federal circuit, in 1995, the federal circuit would have looked at the

regional circuit court where that case came from, if it was in the Ninth Circuit or another case filed in the Tenth Circuit: Now they will apply their own law, and that law is directly 180 degrees contrary to Vornado one and the Tenth Circuit's position. As Your Honor correctly pointed out, in Midwest, the federal circuit pointed out that the Tenth Circuit stands alone in its holding. They're the only ones that held that way. The press release was informative, it was factual, and it was correct in terms of what it said. If Holmes' customers have other problems with 'em, we can't deal with that.

[49] THE COURT: Anything else you want to bring up to me?

MS. METZGER: Your Honor.

THE COURT: Yes.

MS. METZGER: May I just speak to the role of the United States?

THE COURT: Certainly you may, I'd be glad to hear from you, Ms. Metzger, please.

MS. METZGER: Thank you. I'll come forward. I just wanted to clarify, Your Honor, the role of the ITC in this proceeding since that was an issue raised in argument. I think I stated earlier but I want to clarify our breadth and scope.

We take no position, the ITC takes no position on the issue of the advertisement or any falsities that may or may not have been made: we have no position on those allegations,

Your Honor. But our role in this proceeding, and I think Mr. Dabney questioned that, is the movant Holmes has sought a restraining order or an injunction requiring withdrawal of the complaint pending presently before the ITC and ask that that complaint be withdrawn and not pursued. Our interest in this proceeding is [50] that, Your Honor, and it is our position that the Court should not — does not really have appropriate authority to mandate a withdrawal of that complaint. The Court has jurisdiction but so does the ITC over these issues.

There is a statutory scheme, a statutory process established for the ITC to hear unfair competition methods, the misappropriation of trade dress rights that are alleged in the complaint before it. It has that jurisdiction. And interestingly enough, Your Honor, in the statute that was referenced earlier that allows for a party to seek a stay of a proceeding before a district court when there is simultaneous complaints brought, there is no reverse of that in the statute, Your Honor, there is no reverse provision indicating that a stay can be sought before the ITC. It is a one-way stay provision applying only to the district court.

So, Your Honor, our concern is that this court not enjoin or restrain or direct in any way a withdrawal of that complaint, that that is a statutory basis of jurisdiction the ITC has to determine whether to initiate investigation, [51] whether to hear it or not, to determine whether or not it will intervene on issue preclusion concerns or collateral estoppel issues. There are summary judgment procedures established even before the ITC that could be utilized if that were aired, and that commission, Your Honor, has a statutory right to hear

the complaint. So our role in this proceeding is to prevent any kind of engender or court order that would withdraw anything that's pending before the ITC that it has a right to hear. I just wanted to clarify that for Your Honor.

THE COURT: Thank you very much. Yes, Mr. Dabney.

MR. DABNEY: With regard to the second form of injunctive relief we sought, the relitigation injunction, I believe we have cited eight or nine cases in which — including a Tenth Circuit case, Brown versus McCormick, in which issuing courts have issued relitigation injunctions against various types of tribunals, federal courts, state courts, in order to effectuate their judgments in a number of these cases. Those relitigation injunctions have been granted sometimes after defenses have been [52] presented to and rejected by the tribunals. In this situation, we from Holmes' perspective, the complaint that Holmes has filed in the ITC could just as well have been filed in another district court, and the Court's right and ability to determine that that attempted relitigation is a collateral attack on this Court's judgment is not affected by the fact that the ITC, in addition to having authority to actually act as kind of a quasi judicial agency, also has investigative authority. If the ITC feels that it should investigate or ought to investigate something, it doesn't need this complaint to do that. It can investigate on its own initiatives as it says in its papers. So we continue to be mystified as to why the ITC evidently believes that an injunction against attempted relitigation in the ITC somehow stands on a different footing than attempted litigation in a federal court or state court.

I would point out that in their brief on this subject, they make a number of points distinguishing the Kentucky Fried Chicken case which are incorrect. On page 9 of their brief — the Kentucky Fried Chicken case is [53] highly analogous to this case. This was a Fifth Circuit case in which a suit had been litigated to judgment in a Florida district court, which was then in the Fifth Circuit, and then parties related to the first set of litigants commenced a similar action in Kentucky which was in the Sixth Circuit. And the district court denied a relitigation injunction notwithstanding that it was very familiar with these complex trademark claims and the Fifth Circuit reversed and said it was an abuse of discretion for the district court not to grant the relitigation injunction and to force the prevailing defendant in that case to go and have to appear in the second action and run the gauntlet a second time. The government characterizes that case as involving two cases that were in the same circuit, that's not accurate. The Fifth Circuit enjoined a proceeding that was in a district court in the Sixth Circuit.

The government also attempts to distinguish that case on the grounds that there had still been the possibility of appellate review of the first case; whereas, all possible appeals in Vornado one has been exhausted. [54] That's also incorrect. All appeals have been exhausted in that case too and it also involved the same statute. This case involves the issue of trade dress protection under 43(a) which is exactly the same issue Vornado is attempting to raise. So the government's position on the relitigation injunction is notably unsupported by any authority cited in their papers, and not one of the cases cited by the government, not a single one, was there a final judgment and the kind of brazen, bare-faced

collateral attack attempt that's going on in this case. This case is a one in a million, Your Honor; it's one in a million that a litigant would attempt to come in and try to litigate, so clearly relitigate what had happened before. So I don't see that the grant of a preliminary injunction in this case would even be likely to have any constitutional significance for the government because this type of situation is exceedingly unlikely to occur.

THE COURT: Mr. Gowdey, do you have anything else you want to tell me?

MR. GOWDEY: One thing I would point out from the government's brief, Your Honor, I [55] would reference to page 7, they do note that they have not taken any position yet with the merits of Holmes' collateral estoppel issue because they see themselves as charged with ultimately addressing that issue by January 18th; and they also note on the bottom of page 7, the commission has authority to determine whether a claim is precluded or not in view of previous decisions. Thank you.

THE COURT: Well, I think what I'm going to do in this case is make a ruling on it. I will assist you if you are opposed to my ruling, either side, to get it heard expeditiously someplace else, but I think it should be done. And I take it you're ready to put up a bond in connection with this for your preliminary injunction?

MR. DABNEY: Definitely, Your Honor.

THE COURT: How much do you want to put up?

MR. DABNEY: We had suggested a bond of $10,000.00.

THE COURT: What do you say about it, Mr. Gowdey?

MR. GOWDEY: I can't believe that [56] 10,000.00 is an offer that is even legitimate.

THE COURT: No, I can't either and I think it would be a little higher than that and I'll fix a bond of about $100,000.00.

Let me tell you what the court thinks I should do. This is, as Mr. Dabney so well explains, this is a case of one in a million. You know, it's funny that I have been here and here I am getting a case one in a million, I've been on this bench a long time. But I don't think that's quite the way with our system.

The Court concludes that Holmes has made a showing that it is likely to suffer irreparable harm if injunctive relief is not granted. Specifically, Holmes has shown a threat of irreparable harm to its reputation and good will. The Court further concludes that Holmes has shown a substantial likelihood of prevailing on the merits, at least before this court, given the Tenth Circuit's findings and this court's judgment that Vornado cannot claim its grill as protected trade dress.

As for weighing the respected interests from the issuing of an injunction, the Court concludes that they weigh in favor of Holmes [57] except insofar as injunctive relief would interfere with the ongoing proceedings before the ITC.

Accordingly, the Court will grant a preliminary injunction preventing Vornado from advertising or claiming in the marketplace that Holmes is violating its trade dress, and that is directly or indirectly doing such a thing. The Court concludes, however, that it cannot and should not prevent Vornado from asserting its claim, including the claim for trade dress violation, before the ITC, and the Court finds that the public interest does not weigh in favor of an injunction prohibiting Vornado from asserting its claim before the ITC. Such an injunction would effectively interfere with the jurisdiction of the ITC and the statutory scheme established by Congress for determining claims of unfair trade practice in imported articles. It's up to the ITC and perhaps the federal circuit, if it is appealed, to determine, the first instance, what effect the Tenth Circuit judgment has on Vornado's claim before the ITC.

As for the motion for expedited discovery, I think that's moot. As for Vornado's motion to stay this action, that's been determined by the [58] Court's findings.

Why don't you get that down pretty much what I've said and I'll sign the order; and it'll go in effect as soon as your bond is put up, which I'm sure you can do promptly.

MR. DABNEY: And the bond amount?

THE COURT: 100,000.00.

MR. DABNEY: 100,000.00, thank you.

THE COURT: I can see where this is going to cause a lot of problems up and down the line and I —

MR. GOWDEY: Your Honor?

THE COURT: Yes.

MR. GOWDEY: As a point of clarification, does that mean this case is stayed pending proceedings going on at the ITC?

THE COURT: It's not stayed as far as my injunction requiring Vornado to abstain from any, directly or indirectly, with any advertising with respect to the trade dress ruling in this court.

MR. GOWDEY: Correct. But apart from that, is this case going to proceed further?

THE COURT: I don't have any objection to having it proceed further, but it's [59] not going to proceed very soon. That's the reason I'm making the issue now clear so that either one of you can do whatever you want to with it.

MR. DABNEY: Your Honor —

THE COURT: This has ramifications on various matters that I think my ruling is — would permit the going ahead with both agencies of the government — or the agency of the government to do what it's supposed to do, check on matters that come into this country. If they're bound under their ruling by this court's judgment, they'll find that, and then, of course, this would be moot anyway 'cause your action rests entirely with what your position before the ITC is concerned. And at the same time, the Holmes Group is relying

on a judgment of this court directly affecting the trade dress ruling, which we made and which in my order was made nationwide in the first case, in Vornado one.

Now, you understand what I'm saying to you, both of you, because I want you to get together and prepare the order right now and then — and then when they put up the bond, I'll [60] sign it and you can — you'll have your way to go. Your issue, as far as I'm concerned, Mr. Dabney, is based on what damage you would have if they claim a trade dress, and I said that they couldn't do that?

MR. DABNEY: That's correct. We had — at the opening of Your Honor's remarks, Your Honor appeared to be summarizing the language in the subpart A and subpart B of our wherefore clause in our motion. Is that the intent of, Your Honor, the general terms for ordering language? First two had to do with false advertising and the second two had to do with those others matters.

THE COURT: Well, I made it a little differently. The false advertising — it is advertising if it is used whether or not — I don't know quite how to say it. You can both get together and say it better than I can. You can check with me. You want to do it . . .

MR. GOWDEY: Your Honor, perhaps the thing to do is come up with a-draft and show it to you and see if it's what you said.

THE COURT: Yeah, and I'll stay here — if you both have to get away, I'll stay [61] here, and I think you might see what you can do about it.

MR. DABNEY: I would just note for the record that it is Holmes' intention to proceed further with this case and we anticipate filing a dispositive motion in the very near future —

THE COURT: Yeah.

MR. DABNEY: — due to some of the claims pending in this court.

THE COURT: Well, then we'll go on with it, that'll be fine.

MR. DABNEY: Yes.

THE COURT: This is just the preliminary injunction phase.

MR. DABNEY: Correct.

THE COURT: And I — they may have some provision about it.

MR. DABNEY: They may.

THE COURT: Mr. Gowdey, can you do that, get just the preliminary injunction part out of the way?

MR. GOWDEY: We can draft an order for Your Honor's review, yes.

THE COURT: You both are, I'm sure [62] you're acquainted with each other?

MR. GOWDEY: We're becoming acquainted.

THE COURT: Well, you're in a business where most lawyers fear to tread and most judges like to have somebody else decide the issues. But you all have tried to educate me and you've done a good job, both of you, and I appreciate your efforts, want to thank you, but I want to move it along and this will move it along as fast as I know how.

MR. DABNEY: Thank you very much, Judge.

THE COURT: Any other suggestions, additions, modifications, which I won't make?

MR. DABNEY: On the — on the expedited discovery motion.

THE COURT: Yes.

MR. DABNEY: While it was originally put forward in the context of the motion for preliminary injunction, it is Holmes' desire to proceed expeditiously with this case.

THE COURT: Well, as you know, when that comes up, it'll be put before my magistrates to go ahead with your discovery [63] proceedings and that sort of thing, when that time comes if you want to — if you can't otherwise dispose of it.

MR. GOWDEY: So am I correct, I was under the impression, Your Honor, from your answer to a previous question about the stay was that you were going to deal with

the preliminary injunction issue as you have, but this case was otherwise not going to proceed very soon, I believe is what you said?

THE COURT: Well, by the 18th, there will be some rulings in this case that may make all your issues different, and what I'm saying is I'm not staying it, but I'm not granting expedited discovery. It'll — the injunction proceeding will proceed just like any other case now. Is that —

MR. DABNEY: Yes, Your Honor, that's exactly what we had understood. May we —

MR. GOWDEY: And that's what I understood too, but Mr. Dabney seems to give me the impression that they're going to go full bore here, as well as at the ITC, and I wonder whether are we going to have judicial economy with both cases going forward?

[64] THE COURT: You can't get to me before the ITC acts. I have a case starting tomorrow that's supposed to take ten days. And if you think you're going to talk to me very much before tomorrow when I start that case, I can't do it. I can only spread myself so thin.

MR. DABNEY: May we include a proposed order that denies the motion for stay? I understand your order has denied defendant's motion for a stay in this.

THE COURT: Yes, I am not going to stay it, I want it to go ahead, but there's nothing going to happen in it, in discovery or that sort of thing, because by the time it gets —

just as a procedural matter, you understand these things, it goes to the magistrate, they'll get an order out probably of a timetable on discovery when that gets to them. I used to do it myself all the time but now I'm not — I don't do it that way, but everybody around here knows how.

MR. GOWDEY: Also include here a denial for motion of expedited discovery as well?

THE COURT: Yes, denial — and denial [65] of stay.

MR. GOWDEY: Right.

THE COURT: Put all the denials you want to in, just get it moving.

MR. GOWDEY: Thank you, Your Honor.

MR. DABNEY: Thank you, Your Honor.

THE COURT: All right. Now, do you want me to stay around, or will you give me that order in the morning?

MR. DABNEY: I think we need to get the transcript, Your Honor, and then we'll submit it tomorrow morning.

THE COURT: Okay. Mr. Goering, Mr. Brown, somebody, you two can get together and if you need — I can give you my conference room or the conference room across the hall if you want or you can go — I'm sure you can get 'em taken care of, Mr. Goering.

MR. GOERING: Yes, Your Honor.

THE COURT: Or, Mr. Brown, you have got facilities to do this. Don't need to sit around here to get it done.

MR. DABNEY: Judge, my client has just asked me a question, a point of clarification —

[66] THE COURT: Yeah.

MR. DABNEY: — about the scope of Your Honor's ruling. In our application, we had asked for a relief which would preclude talking to buyers about the trade dress. We understand that is encompassed within the concept of commercial advertising?

THE COURT: I would agree with that. You can cover that —

MR. DABNEY: — in the order.

THE COURT: The advertising is the use of the trade dress problem is how I see it and this court's judgment about it as directed by the circuit is what we're sustaining. And that's why I said direct or indirect, to cover that.

MR. DABNEY: Thank you.

THE COURT: All right.

MR. DABNEY: Yes, Your Honor.

THE COURT: Anything else?

MR. DABNEY: Not from the plaintiff, Your Honor.

THE COURT: Mr. Gowdey?

MR. GOWDEY: Not from the defendant, Your Honor.

[67] MS. METZGER: No, Your Honor.

THE COURT: Thank you. And I'm not forgetting you, Ms. Metzger.

MS. METZGER: Thank you.

THE COURT: All right. Court will be in recess subject to call. And I'll take a little adjournment tomorrow when you come up with this. When I said I wouldn't let you interrupt my proceedings, around noon tomorrow, if it's — will be fine. I'll tell Mr. Johnson and my secretary that she can book you in at around 12:30 or a quarter of 1:00 or sometime like that or 1:15 tomorrow. This shouldn't take over 15 minutes when you get it done, should it?

MR. DABNEY: I don't expect so, Your Honor.

THE COURT: So just — I can't think of anything else that I can do. All right.

(Whereupon, the proceedings were concluded at 3:57 p.m.)

* * * *

APPENDIX F — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF KANSAS GRANTING PRELIMINARY INJUNCTION DATED AND FILED JANUARY 4, 2000

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

No. 99-1499-WEB

THE HOLMES GROUP, INC.,

Plaintiff,

vs.

VORNADO AIR CIRCULATION SYSTEMS, INC.,

Defendant.

ORDER GRANTING PRELIMINARY INJUNCTION

On January 3, 2000, this case came before the Court for a hearing on the motion of plaintiff, The Holmes Group, Inc., for a preliminary injunction. Plaintiff, The Holmes Group, Inc. ("Holmes"), appeared by its counsel, James W. Dabney and Carol W. Wilhelm of Pennie & Edmonds, L.L.P., New York, New York, and Jim H. Goering and Timothy B. Mustaine of Foulston & Siefkin, L.L.P., Wichita, Kansas. Defendant, Vornado Air Circulation Systems, Inc., ("Vornado") appeared by its counsel, Peter W. Gowdey, Lisa A. Dunner, and Lynn Eccleston of Pillsbury, Madison & Sutro, Washington, D.C., and Edward L. Brown, Jr., Wichita, Kansas. The United States International Trade Commission

("the ITC") appeared by its counsel, Assistant United States Attorney Emily B. Metzger, Wichita, Kansas.

WHEREFORE, the Court having considered the briefs filed by Holmes and Vornado, and having heard their arguments and the views of the ITC, the Court has concluded, as heretofore expressed in the Court's oral ruling, that: (1) plaintiff Holmes has demonstrated a substantial likelihood that it will prevail on the merits in this action, given the Tenth Circuit's findings, and this Court's judgment, that Vornado cannot claim its grill as protected trade dress; (2) Holmes has shown that it is likely to suffer irreparable harm to its reputation and good will if injunctive relief is not granted; (3) Holmes has shown that the likely harm should Vornado not be enjoined from asserting its ostensible trade dress rights outweighs the likely harm should injunctive relief not be granted, except insofar as injunctive relief might interfere with proceedings before the ITC; and (4) the public interest weighs in favor of granting Holmes's requested injunction, except to the extent that the injunction would prohibit Vornado from asserting its claim before the ITC and effectively interfere with the jurisdiction of the ITC or the statutory scheme under which that agency operates.

WHEREFORE, Holmes's motion for preliminary injunction is GRANTED in part and DENIED in part, and defendant Vornado Air Circulation Systems, Inc., its officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are hereby preliminarily enjoined and restrained from making or permitting to be made, in commercial

advertising or in the marketplace, directly or indirectly, any claim, description, representation, statement or assertion, explicit or implicit, specifically including but not limited to claims, descriptions, representations, statements or assertions made in press releases, advertising material distributed at any trade show, and written or oral communications with buyers or retail distributors of household fan or heater fan products, to the effect that Holmes or any Holmes product infringes any ostensible Vornado trade dress rights in spiral grill designs; provided, however, that Vornado shall not be required to withdraw its complaint lodged with the ITC nor enjoined from cooperating with any future ITC investigation.

WHEREFORE, the Court further orders, pursuant to Rule 65(c) of the Federal Rules of Civil Procedure, that Holmes shall, within ten (10) days of the date of this order, post a surety bond in the amount of one hundred thousand dollars ($100,000.00) with the Clerk of this Court, issued by a surety meeting the requirements of District of Kansas Rule 65.2, as security against such costs and damages as may be incurred by Vornado should Vornado subsequently be found to have been wrongfully enjoined by this Court in this Order.

IT IS SO ORDERED this 4th day of January, 2000.

s/ Wesley E. Brown
Wesley E. Brown
United States District Senior Judge

Approved as to Form:

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United States International Trade Commission

APPENDIX G — MEMORANDUM AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF KANSAS DATED AND FILED MARCH 8, 2000

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

No. 99-1499-WEB

THE HOLMES GROUP, INC.,

Plaintiff,

v.

VORNADO AIR CIRCULATION SYSTEMS, INC.,

Defendant.

Memorandum and Order

Plaintiff Holmes Group Inc. filed this action seeking, among other things, a declaratory judgment holding that Holmes' sale of its fan and heater products does not infringe any valid or enforceable "trade dress" claimed by defendant Vornado under 15 U.S.C. §§ 1501 et seq. The matter is now before the court on Holmes' motion for summary judgment on its first cause of action seeking the aforementioned relief. Holmes argues it is entitled to summary judgment by virtue of the collateral estoppel effect of previous litigation involving defendant Vornado and another fan manufacturer. The court heard preliminary arguments from the parties relating to this issue at a hearing on January 3, 2000, and

concludes that further argument would not assist in deciding the questions presented.

I. *Facts.*

1. Holmes is a manufacturer of branded consumer household products. Holmes manufactures and sells a wide variety of household fan and heater products in U.S. interstate commerce, including the Holmes® Model HAOF-90 Blizzard™ Oscillating Power Table Fan; the Holmes® Model HFH 298 Power Accutemp™ Bedroom Heater; and the Holmes® Model HFH 299 Power Heater.

2. Defendant Vornado is a competitor of Holmes in the U.S. fan and heater business. Vornado sells household fan and heater products, some of which incorporate arcuate vane structures exemplified in Exhibits 11 and 12 of the declaration of James W. Dabney.

3. On or about November 26, 1999, Vornado lodged a complaint with an administrative agency in Washington, D.C., known as the International Trade Commission (the "ITC"). In its ITC complaint, Vornado claimed to be the owner of a "trade dress" comprised of a "spiral grill design" embodied in certain Vornado fan and heater products, and asserted that Holmes' sale of the Holmes products essentially infringed that trade dress in alleged violation of 15 U.S.C. § 1125(a).

4. In its answer in this action dated December 30, 1999, defendant interposed an affirmative defense which substantially repeated the trade dress allegations contained

in the ITC complaint. Defendant's answer in this action alleges that the spiral grill design embodied in certain Vornado fan and heater products constitutes non-functional trade dress and that Holmes' sale of the Holmes Products infringes that trade dress in violation of 15 U.S.C. § 1125(a).

5. The trade dress which defendant has accused Holmes of infringing in this action and in the ITC complaint, exemplified by the grill structure incorporated in the Vornado Model 550G "compact" fan depicted in Exhibit 5 to defendant's ITC complaint, is the exact same mechanical configuration which the Tenth Circuit has explicitly held "cannot be protected as trade dress" in Vornado I.

6. On November 6, 1992, Vornado commenced an action in this court entitled *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, Civ. Action No. 92-1453-WEB (D. Kan.). Vornado's complaint asserted that the aforementioned "spiral grill design", which Vornado then referred to as the "Patented AirTensity™ Grill", constituted non-functional trade dress subject to regulation and injunction under 15 U.S.C. § 1125(a).

7. On July 5, 1995, the Tenth Circuit rendered a judgment reported at 58 F.3d 1498 which rejected defendant's trade dress claim and concluded:

> Vornado included the arcuate grill van structure as an element of its patent claims and described the configuration as providing an "optimum air flow." Then, after the first patent issued and Vornado subsequently found evidence that other

grill structures worked as well or better than the spiral grill, Vornado did not repudiate or disclaim in any way the grill element of its patent. Instead, Vornado sought and received a reissued patent that expanded its claims with respect to the grill.

Even if we discount entirely Vornado's extensive advertising campaign emphasizing the importance of the "AirTensity Grill," this patent history on its face obviates any need for a remand on the question of inventive significance. We simply take Vornado at its word. Because the "Patented AirTensity Grill" is a significant inventive element of Vornado's patented fans, it cannot be protected as trade dress.

The Tenth Circuit opinion reversed this court's initial ruling in favor of Vornado. *See Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 1994 WL 1064319 (D. Kan., Mar. 4, 1994).

8. On January 8, 1996, the Supreme Court of the United States denied a petition by Vornado for review of the Tenth Circuit's *Vornado I* decision. This court subsequently entered final judgment dismissing with prejudice, on the merits, the trade dress claim which Vornado had asserted in *Vornado I*, and awarded costs against Vornado.

9. In *Vornado I*, the Tenth Circuit specifically considered and decided the issue of whether the arcuate or "spiral" grill configuration embodied in Vornado fan and heater products was eligible for protection as trade dress under 15 U.S.C. § 1125(a). By its complaint in the ITC and its affirmative

defense in this action, defendant seeks to re-litigate the very same issue, which was actually, necessarily, and finally decided adversely to defendant in *Vornado I*.

II. *Summary Judgment Standards.*

The standards and procedures for summary judgment are well established and will not be fully repeated here. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24 (1986). In essence, summary judgment is proper if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law. *Id.*

III. *Arguments.*

Holmes argues that under the doctrine of collateral estoppel the judgment in *Vornado I* bars Vornado from asserting in this action that the configuration of its "AirTensity Grill" qualifies for trade dress protection under 15 U.S.C. § 1125(a). As such, Holmes contends it is entitled to summary judgment on its claim for a declaratory judgment of non-infringement. In response, Vornado contends that collateral estoppel should not be applied because there has been a fundamental change in the controlling law, and because application of the doctrine in this case would be unfair to Vornado.

IV. *Discussion.*

The federal courts have traditionally adhered to the doctrine of collateral estoppel. *Allen v. McCurry*, 449 U.S.

90, 94 (1980). Under that doctrine, "once a court has decided an issue of fact or law necessary to its judgment, that decision may preclude relitigation of the issue in a suit on a different cause of action involving a party to the first case." *Id.* The doctrine furthers several important interests: it relieves parties of the cost and vexation of multiple lawsuits, it conserves judicial resources, and, by preventing inconsistent decisions, it encourages reliance on adjudication. *Id.* The Supreme Court has recently reaffirmed the benefits of collateral estoppel and has applied it in contexts not recognized at common law. For example, the Court has eliminated the requirement of "mutuality" of parties and has permitted a litigant not a party to a federal case to assert the doctrine "offensively" in a new federal suit against the party who lost on the issue in the first case. *Id.* at 94-95.

The elements of collateral estoppel are clearly satisfied in this case.[1] The only real question is whether the doctrine should not be applied because of a change in the law since *Vornado I*. It is well established that an intervening change in the law can be a sufficient basis for declining to apply collateral estoppel. *See e.g.*, *Montana v. United States*, 440 U.S. 147, 155 (1979); *Spradling v. City of Tulsa*, 198 F.3d 1219, 1223 (10th Cir. 2000); *Bingaman v. Dept. Of Treasury*, 127 F.3d 1431, 1437 (Fed. Cir. 1997) ("In a number of cases,

1. The trade dress now claimed by Vornado is identical to that which it asserted in *Vornado I*; *Vornado I* was decided on the merits; Vornado was a party to the prior action; and Vornado had a full and fair opportunity to litigate the issue in the prior action. *See Matosantos Commercial Corp. v. Applebee's Int'l., Inc.*, 64 F.Supp.2d 1105, 1108 (D. Kan. 1999) (listing elements of collateral estoppel).

this court and others have held that a significant change in the 'legal atmosphere' — whether in the form of new legislation, a new court decision, or even a new administrative ruling — can justify a later court's refusal to give collateral estoppel effect to an earlier decision.").

Vornado contends this "change in the law" exception is met because in *Midwest Industries, Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir. 1999), the Federal Circuit expressly rejected the Tenth Circuit's *Vornado I* holding, ruling instead that a claim for trade dress protection was not barred by the fact that a product configuration had been claimed as a significant inventive element of a patent. *Id.* at 1364. As part of its ruling in that case, the Federal Circuit abandoned its prior practice of applying regional circuit law on questions involving the relationship between patent law and other federal law rights, and said that "[h]enceforth, will apply our own law to such questions." *Id.* at 1359. This alteration is potentially significant in the instant case, because Vornado has asserted a counterclaim alleging infringement of Vornado's patent. Under 28 U.S.C. § 1295(a)(1), the Federal Circuit has exclusive jurisdiction over an appeal from a final judgment of a district court if the district court's jurisdiction is based in whole or in part on a patent claim. Thus, it is possible (although not entirely certain) that any appeal of this court's judgment will be to the Federal Circuit[2],

2. Holmes contends it is doubtful the Federal Circuit would have jurisdiction over an appeal in this case, citing the "well-pleaded complaint rule" of *Christianson v. Colt Industries*, 486 U.S. 800 (1988), and pointing out that Holmes' complaint asserts no patent claim. This court does not need to stray into this procedural thicket

(Cont'd)

and that the Federal Circuit will apply its own law to the trade dress claim — a law that is now clearly at odds with the Tenth Circuit law underlying the judgment in *Vornado I*. By contrast, if the case is found not to involve a claim under the patent laws, an appeal would go to the Tenth Circuit, which would presumably apply the same rule expressed in *Vornado I* to bar Vornado's claim of trade dress. *See* 15 U.S.C. § 1121(a).

The court concludes that this clear conflict in the substantive law of the circuits does not require, nor does it warrant, a refusal to apply the law of collateral estoppel in this action. In the prior case, Vornado had a full and fair opportunity to litigate its trade dress claim against another manufacturer, and that claim was ultimately decided against Vornado by the Tenth Circuit. Vornado petitioned the Supreme Court to review the ruling, but the Court declined to do so, leaving intact this court's resulting judgment that Vornado was barred from claiming trade dress rights in its grill design. The Tenth Circuit law upon which that judgment was based has not changed since *Vornado I*, and the court sees nothing to substantiate Vornado's hopeful speculation that if the Tenth Circuit were to revisit the issue "it would choose a different path than it articulated in *Vornado I*." Def. Mem. at 5. All of the procedural machinations and intercircuit intrigue implicated by this action cannot obscure a central truth: *Vornado I* constitutes a final and valid judgment of this court and the law upon which that judgment

(Cont'd)
to decide the issue before it. Regardless of which Court of Appeals would have jurisdiction, the court determines that the principles of collateral estoppel should be applied in this case.

was based remains unchanged. Under such circumstances, this court will not refuse to give effect to its own prior judgment.

Aside from an asserted change in the law, Vornado also points out that collateral estoppel should not be applied where it would result in unfairness to a defendant. *Citing Parklane Hosiery Co., Inc. v. Shore*, 439 U.S. 322, 331 (1979). But the unfair circumstances identified by the Court in *Parklane Hosiery* — lack of incentive to prosecute the first action, inconsistency with other judgments in favor of the defendant, and lack of procedural opportunities in the first action — are clearly not present in this case. *Cf.* at 330. Vornado nevertheless argues unfairness would result because manufacturers against whom Vornado competes may be able to obtain trade dress protection on features of a type that Vornado is barred from protecting by *Vornado I.* Def. Mem. at 4. The *Restatement (Second) of Judgments* suggests that it might be inappropriate to apply collateral estoppel where its application "would impose on one of the parties a significant disadvantage, or confer on him a significant benefit, with respect to his competitors," or where it "would result in a manifestly inequitable administration of the laws." *Restatement (Second) of Judgments*, § 28, comment c. Notwithstanding the fact that some inequality could emerge from the difference in law between the circuits, the court cannot agree that the circumstances of this case warrant re-litigation of the legal issue determined in *Vornado I.*[3]

3. As the *Restatement* points out, two concepts of equality are at odds with each other in this type of situation. One concept is that the outcomes of similar legal disputes between the same parties at (Cont'd)

As Holmes points out, conflict in the law between circuits is not unheard of, and the fact that one circuit disagrees with another does not necessarily mean the former would decline to give collateral estoppel effect to a judgment arising in the latter. But that is a matter for the Federal Circuit (or the Tenth Circuit) to determine. *Cf. Colby v. J.C. Penney Co.*, 811 F.2d 1119, 1124 (7th Cir. 1987) ("the responsibility for maintaining the law's uniformity is a responsibility of appellate rather than trial judges"). Likewise, the ITC must determine in its own right whether the doctrine of collateral

(Cont'd)
different points in time should not be disparate. The other is that the outcomes of similar legal disputes being contemporaneously determined between different parties should be resolved according to the same legal standards. *See Restatement (Second) of Judgments*, § 28, comment c. In such a situation, "the choice must be made in terms of the importance of stability in the legal relationships between the immediate parties, the actual likelihood that there are similarly situated persons who are subject to application of the rule in question, and the consequences to the latter if they are subject to different legal treatment." *Id.*

Although the foregoing standards provide fodder for both sides of the collateral estoppel argument in this case, the court finds in them no compelling reason for declining to apply the same rule that was previously applied to the same issue in *Vornado I.* The court notes that since *Vornado I*, Holmes and other companies have manufactured various products in reliance upon the rule expressed in that case. *See Marino Decl.* § 22. Failure to apply collateral estoppel here would likely create a baffling state of legal affairs insofar as manufacture of these products is concerned. *Cf. American Med. Int'l., Inc. v. Sec. of Health, Education & Welfare*, 677 F.2d 118, 123 (the surest way to obtain decisional uniformity is to give estoppel effect to the earliest judgment).

estoppel should apply to bar any of the claims now pending before it. Insofar as this action is concerned, however, this court previously entered a valid and final judgment in *Vornado I* and the Tenth Circuit law upon which that decision was based has not been changed. Under principles of collateral estoppel, the ruling in *Vornado I* bars Vornado from re-litigating the same issue in this action. Accordingly, Holmes is entitled as a matter of law to judgment declaring that it has not infringed Vornado's asserted trade dress rights.

V. *Vornado's Motion to Stay.*

The court has considered defendant Vornado's Motion to Stay (Doc. 53) pending a ruling by the Federal Circuit on Vornado's appeal of the preliminary injunction in this case, but the court concludes the motion should be denied. Given the straightforward question presented by the motion for summary judgment, the court does not believe judicial economy would be furthered by holding the motion in abeyance.

VI. *Conclusion.*

Defendant Vornado's Motion to Stay (Doc. 53) is hereby DENIED.

Plaintiff Holmes' Motion for Summary Judgment on its first cause of action (Doc. 42) is hereby GRANTED.

IT IS SO ORDERED this 8th day of March, 2000, at Wichita, Ks.

s/ Wesley E. Brown
Wesley E. Brown,
U.S. Senior District Judge

APPENDIX H — FINAL JUDGMENT OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF KANSAS DATED AND FILED MARCH 27, 2000

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

No. 99-1499-WEB

THE HOLMES GROUP, INC.,

Plaintiff,

vs.

VORNADO AIR CIRCULATION SYSTEMS, INC.,

Defendant.

FINAL JUDGMENT

The parties having jointly moved for entry of Final Judgment pursuant to Fed. R. Civ. Proc. 54(b), and the Court expressly finding no just reason for delay in the entry of Final Judgment, it is hereby:

ORDERED, ADJUDGED, and DECREED that "Holmes is entitled as a matter of law to judgment declaring that it has not infringed Vornado's asserted trade dress rights" [Doc 72, p. 11]; "Plaintiff Holmes' Motion for Summary Judgment on its first cause of action is hereby GRANTED" [Doc. 72, p. 12.]; and Final Judgment is hereby expressly entered in favor of Holmes and against Vornado on Holmes' first cause of action seeking a declaratory judgment "holding

that Holmes' sale of its fan and heater products does not infringe any valid or enforceable 'trade dress' claimed by defendant Vornado under 15 U.S.C. §§ 1051 et seq." [Doc. 72, p. 1].

The Clerk is expressly directed to enter this Final Judgment forthwith.

SO ORDERED this 27th day of March, 2000.

s/ Wesley E. Brown
Wesley E. Brown
United States District Senior Judge

APPENDIX I — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF KANSAS DATED AND FILED JUNE 12, 2000

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

Civil Action No. 99-1499-WEB

THE HOLMES GROUP, INC.,

Plaintiff,

vs.

VORNADO AIR CIRCULATION SYSTEMS, INC.,

Defendant.

ORDER

This matter having been opened to the Court on the joint motion of plaintiff The Holmes Group, Inc. ("Holmes") and defendant Vornado Air Circulation Systems, Inc. ("Vornado") for an Order dismissing claims on the terms and conditions set forth herein, it is hereby ORDERED, pursuant to Fed. R. Civ. P. 41(a)(2), as follows:

1. Except insofar as they plead a right to the injunctive relief which this Court granted by Order dated January 4, 2000, the plaintiff's Second, Third, Fourth, Fifth, Sixth, and Seventh Causes of Action are hereby dismissed without prejudice to re-opening upon the motion of any party as provided in paragraph 4 of this Order.

2. All proceedings relating to the counterclaim of defendant Vornado are hereby stayed pending further Order of this Court.

3. In the event that the Final Judgment of this Court on plaintiff's First Cause of Action is affirmed on appeal, then (a) the Preliminary Injunction Order issued by this Court on January 4, 2000, shall become a Permanent Injunction Order, (b) the preliminary injunction bond previously posted by Holmes shall be released and discharged, (c) the dismissal of claims ordered in paragraph 1 of this Order shall become with prejudice; and (d) the counterclaim of Vornado shall be dismissed with prejudice.

4. In the event that the Final Judgment of this Court on plaintiff's First Cause of Action is reversed on appeal, then either party shall have the right to seek reinstatement of all claims conditionally dismissed by this Order upon motion showing any such reversal on appeal.

Dated: June 12, 2000

s/ Wesley E. Brown
Wesley E. Brown
United States District Senior Judge

Approved as to Form:

s/ Timothy B. Mustaine
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Attorney for Intervenor
United States International Trade Commission

APPENDIX J — RELEVANT STATUTES

28 U.S.C. § 1295(a)(1)

§ 1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit

(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction —

> **(1)** of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Marinara Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising under any Act of Congress relating to copyrights, exclusive rights in mask works, or trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title;
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> * * *

Appendix J

28 U.S.C. § 1338(a)

§ 1338. Patents, plant variety protection, copyrights, mask works, designs, trademarks, and unfair competition

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. Such jurisdiction shall be exclusive of the court of the states in patent, plant variety protection and copyright cases.

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